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# ***SECURITY ASSISTANCE PERSPECTIVES***

## **FMS Acquisition Services Team (FAST-Line Program)**

**By**

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### **ABSTRACT**

FAST-Line serves the FMS community on requisitions for material that is not available from USN/DoD inventory. It also serves as an overflow for Repair of Repairables (ROR) workload. DoD activities currently processing FMS requisitions on FAST-Line are DLA, SPCC, ASO, and FISC (Outfitting Supply Activity) in Charleston. This gives each FMS customer a FAST-Line to the U.S. supplier base. All FAST-Line requisitions are less than \$25,000 each.

FAST-Line fills parts orders for both NSNs and Part Numbers as well as managing RORs. The contractor uses modern computer systems to provide precise tracking and daily status to NAVILCO. This allows each customer to stay in touch with the progress of their requisitions. All data elements for status reporting, requisition flow, and financial transactions take place using Electronic Data Interchange (EDI). This paper addresses the concept of EDI and how it benefits an FMS Customer.

Third-party purchasing by a commercial contractor frees USN contracting resources to focus on standard item procurement. The U.S. Navy's FAST-Line Program employs W&W Logistics, Inc., under a professional services contract.

### **INTRODUCTION**

FAST-Line serves the FMS community on requisitions for material that is not available from USN/DoD inventory. It also serves as an overflow for ROR workload. DoD activities currently processing FMS requisitions on FAST-Line are DLA, SPCC, ASO, and FISC (Outfitting Supply Activity) in Charleston. This gives each FMS customer a FAST-Line to the U.S. Navy supplier base. All FAST-Line requisitions are less than \$25,000 each. All requisitions are processed using Electronic Data Interchange (EDI). To understand the revolutionary change EDI makes to FMS Parts Support, you must first understand the concept.

### **ELECTRONIC DATA INTERCHANGE (EDI)**

An innovation realizing its potential with the FAST-Line Program is EDI. To FMS customers, EDI provides consistent speed, an assurance that data is passed accurately with no re-keying, and an effective means to communicate up-to-date information and status. The FAST-Line Program is the first all-EDI contract in DoD. EDI represents an alternative to managing a costly on-line operation for requisitions, when only information about them must be shared. It connects

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all the "trading partners" to each other's systems without the cost of integrating those systems on-line. This solves problems like security access while drastically reducing telecommunications cost.

How does EDI help FMS customers? Let's consider the FMS task and identify the "traders."

An FMS transaction is a trade. The traders are spread across a worldwide land and sea scape. The end user (or real customer) is the Engineering Officer on a distant ocean needing the services of a parts manufacturer in New Jersey or Alaska. Between them is a complex supply chain linked by distance and time that must help these traders complete the transaction.

Reliable logistics requires each trader to contribute accurately to the what, when, where, and how of each trade; to flag and focus on problems, to communicate alternatives, and to recommend and arrive at solutions. EDI technology in FAST-Line provides these details to each trader in a reliable and repeatable way.

Up front there is a daunting task. Each trader must agree on what information they need and what information they will provide. This becomes a Trading Partner Agreement. Each trader agrees to pass all information in a standard (we're using ANSI X.12 approved formats) EDI Transaction Set (T-Set). Each T-Set has a name. Examples: Requisition, RFQ, Purchaser Order, Acknowledgement, Invoice, and Status Record. Each trader interprets the data based on the name of the T-Set.

Sitting between each trader is a Value-Added-Network (VAN) on which each trader has a mailbox. Currently, each FAST-Line trader has a mailbox on the British Telecom VAN. Traders use standard IBM-compatible PCs as links to the VAN. Each trader's business system—whether on a mainframe, mini-computer, or PC—downloads data to construct a T-Set on a PC. In many cases this download is merely an image that used to be printed on paper that is now printed to a PC file.

Once on the PC a translator (which is a commercially available piece of software) converts the print image, also called a flat file, into a specific T-Set (i.e., RFQ). The translator has maps that identify how to read the PC file and convert the data into a T-Set recognizable by the VAN. It also translates incoming T-Sets from another trader into a flat file that can be uploaded to the trader's business system.

By processing a FAST-Line requisition, every FMS customer is conducting its business on the Information Superhighway—a superhighway with on-ramps and off-ramps to the suppliers in New Jersey and Alaska.

## THE PARTS ORDER PROCESS

Customers submit supply requisitions in MILSTRIP format via the Defense Automated Addressing System (DAAS). These are received at the Navy International Logistics Command (NAVILCO) in Philadelphia. For outfitting requisitions they are received at the Outfit Supply Activity in Charleston (moving soon to Puget).

Centrally managed but not centrally stocked DLA materials (with the correct Acquisition Advice Codes-AAC codes) are automatically marked as FAST-Line requisitions. These requisitions are registered in NAVILCO's MISIL System and are forwarded to DLA for "fill-or-kill" against inventory. NAVILCO forwards the items returned ("killed") by the DLA to the FAST-Line contractor.

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Navy requisitions are forwarded to the contractor via MISIL by SPCC or ASO (which are the Navy's ship and aviation inventory control points) at their discretion. FAST-Line receives approximately 50 percent of the Navy requisitions that can't be issued from stock.

MISIL updates each requisition with the FAST-Line contractor's unique routing identifier—Q71 when it is transmitted to W&W. This establishes responsibility for the MILSTRIP requisition in the Navy System. Each country accessing MISIL can query by Q71 to review the status of any FAST-Line requisition.

## REQUISITION ACCEPTANCE

- The Navy transmits all MILSTRIP data in 511 T-Set which is a requisition via the VAN to the contractor.
- The contractor electronically verifies receipt of each requisition and transmits a MILSTRIP "working" status to NAVILCO on supply requisitions and to Charleston on outfitting requisitions.
- The contractor electronically screens historical Navy and DoD contract history databases for supply sources and management codes.
- Where insufficient source data or restricted management codes exist, the contractor transmits a technical referral to ASO, SPCC, or the Country Program Manager (CPM) via fax.
- If they are able to provide additional technical data, the contractor begins processing the requisition.
- This acceptance step is accomplished in one day for clean requisitions.

## THE PROCUREMENT PROCESS

- Sourcing is accomplished by selecting valid suppliers from the DoD Total Item Record. This includes all government purchase and technical history. Screen includes ASO's PNDF, SPCC's CRF, and DLA's Total Item Record. This includes MCRL-1, MCRL-2, and ML-C/IL. The contractor also screens their procurement history which includes nearly 350,000 different items they have supplied. All items are sourced within one day using the Contractor's Proprietary Expert System to generate competitive RFQs.
- Within 48 hours of receiving a MILSTRIP requisition via EDI, the contractor has automatically faxed RFQs including "source-directed" requirements submitted by each country. The contractor maintains a fax database of more than 15,000 U.S. suppliers.
- Supplier quotations are reviewed electronically on a daily basis. After selecting the lowest price, the contractor transmits a not-to-exceed (NTE) proposal via EDI to NAVILCO or Charleston. These NTE proposals include material, freight, and packaging costs.
- NAVILCO and/or Charleston review these proposals and make award decisions. This process of approving proposals averages seven days.
- The contractor issues purchase orders using an electronic fax and signature system, and the proposal is approved.
- In the first year of the program, more than 1,000 different suppliers have received purchase orders.

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## THE EXPEDITING AND SHIPMENT PROCESS

- Automated Expediting Follow-up is accomplished at regular intervals during each order's life. For routine items, the contractor performs automatic fax follow-up with each supplier. CASREPs and high priority requisitions are handled separately by the contractor professionals.

- Each item goes through 100 percent receipt/inspection and is packaged and marked in accordance with military specifications. The contractor receives material on-line updating the expediting system and recording the transaction in the financial, purchase order, and expediting files.

- Shipment is made to the appropriate MAPAD address. MAPAD is a DoD system accessed through a dial-in which the contractor uses to determine up-to-date shipping and freight forwarding addresses. All Government DTC's are handled on GBLs. NOAs are provided for all oversized, overweight, and hazardous material.

- A fully integrated Routing, Shipping, and Supplier Payment System insures a bar-coded DD Form 1348-1 (Shipping Documentation) will be securely attached to each item for shipment within 48 hours of receipt.

## THE INVOICING AND PAYMENT PROCESS

- FAST-Line is an Indefinite-Delivery, Indefinite-Quantity Contract. The contractor is required to submit final pricing for verification that total costs to be billed do not exceed the NTE proposed price. The contractor invoices for actual costs incurred. Each customer can better manage case funds because each payment is direct-cited to each case. The final invoice deobligates excess case funds allocated to cover the NTE proposal.

A portion of the contractor's support charges are payable by each FMS country once an NTE proposal has been submitted by the contractor. If the contractor cannot provide an NTE proposal, there is no charge to the FMS customer.

- The invoice (T-Set 810) is submitted via EDI to NAVILCO and DFAS simultaneously. The NAVILCO copy is electronically compared to the MILSTRIP final shipment and presented to the Comptroller for certification. Since FAST-Line is a 100 percent direct-cite contract, each requisition includes its own line of accounting.

- The Comptroller reviews the invoice and certifies for acceptance. The invoice is electronically released and sent to DFAS where it's compared to the original EDI vendor invoice and the electronic signature is verified.

- If valid, DFAS electronically updates its Bill Paying System in an on-line environment. The invoice goes into the Cash Management queue. Because these are FMS funds, the Expenditure Authority (EA) must be obtained from SAAC, Denver. When the EA is received, the payment must be made within the calendar month. Forty-eight hours before the due date, these payments are released. DFAS prepares the payments for the Treasury Fee Line System.

- The Treasury system sends these transactions to the Federal Reserve Bank (FRB) in Richmond, Virginia.

- The FRB deposits the payments in the contractor's bank on the due date via Electronic Fund Transfer (EFT). The contractor receives a remittance advice (T-Set 824) and electronically applies the funds to its accounts receivable system.

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## EDI CUSTOMER STATUS SYSTEMS

To enhance the MILSTRIP status' tracked in MISIL, NAVILCO has combined with the contractor, ASO, SPCC, and Charleston to develop statements that can be routinely transmitted and managed as coded remarks. These allow for greater item management and visibility for the FMS customer. Many include text comments that are available for all traders to read. The ability to expand the information transfer of normal MILSTRIP is a key improvement enabled by EDI.

In addition to the query capabilities currently available to CPMs, they also have on-line dial-in access to the contractor's business system. This allows all parties to know the exact status of an item in the contractor's system as well as a complete history of all MILSTRIP status' sent and received over the VAN. Customers may also download key fields of information from the contractor's database to assist in customized reporting that may be required for country program review meetings.

Detailed monthly management reports are submitted to NAVSUP, NAVILCO, Charleston, SPCC, and ASO to track volume, Procurement Administrative Lead-Time (PALT), Turn-Around-Time (TAT), RODs, Technical Referrals, outstanding NTE proposals, and financial data. Each is presented in tables, charts, and graphic form.

## CONCLUSION

FAST-Line is a state-of-the-art program that allows FMS customers to experience the benefits of tapping into the information superhighway using EDI technology. This reduces PALT and TAT and improves service performance. The lead-times being achieved are comparable to those available for standard commercial items.

The Average TAT for the first 9 months of the program is 82 days on part numbered items and 86 days on NSNs. That includes the entire elapsed time from requisition receipt at the contractor to shipment spent by both the contractor and the Navy. That TAT number includes the PALT, Proposal Review Time, Production Time, Inspection, Packaging, and Shipment time.

FAST-Line's success is the result of a team effort. The team includes each FMS country, military department, contractor, and supplier. FAST-Line is a world class program that will continue to improve following TQM principles. Our goal—to make the shortest distance between the U.S. and its FMS customer—a very FAST-Line.

## ABOUT THE AUTHOR

William Van Etten is the President of W&W Logistics, Inc., (W&W), in Fairfield, New Jersey. W&W is a third-party purchasing company specializing in defense procurement and materials management. Mr. Van Etten is a graduate of St. Peter's College and holds a BS in Business Administration.

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