



ACQUISITION
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

NOV 01 2004

Mr. Donald Lofton
Manager of Government Property
L-3 Communications
Integrated Systems, Vertex Aerospace
555 Industrial Drive South
Madison, MS 39110-9073

Dear Mr. Lofton:

L-3 Communications' commitment to supporting the Department's Unique Item Identification (UID) initiative is greatly appreciated. In your letter of October 5, 2004, you requested assistance with DoD's vision on parts marking as it relates to a number of issues central to the way in which L-3 Communications and its subsidiary companies provide support to the Government. I have had an opportunity to discuss your concerns in more detail with the Special Assistant for the UID Program, and I offer the following clarifications of DoD's vision for unique identification.

One of your issues concerned the UID requirement for marking of embedded items, subassemblies, components and parts. The DoD unique item identification requirement does not apply to embedded COTS items, subassemblies, components and parts that are not serially managed by DoD and for which L-3 is the maintenance provider, which is the scenario you describe in many of your examples. If the Department is not assuming the maintenance role, all contractor-owned spare parts inventory, whether maintained by the prime contractor or a second-tier supplier, should not be subject to the UID requirement. In addition, as noted in the recent update to the UID policy, dated September 3, 2004, for acquisitions of commercial items when the UID requirement does apply, the Department's Requiring Activity may determine that it is more cost effective to mark the item themselves, thereby relieving the prime contractor of the requirement to physically mark the items prior to delivery.

A second concern, which you noted in your letter, was that the mark itself would potentially render any item subsequently returned to contractor inventory for disposition, unusable in the commercial market. Your example cited instances when this would apply whether the mark was applied by the Government or the contractor. Inherent in this



assumption is that the mark itself conveys the ownership history of the item, which it does not. The DoD has adopted a universal open and integrated standard for the UID construct(s) that will only provide generic, pedigree information related to the manufacturing enterprise for the item. The mark will not identify Government or DoD ownership.

Finally, your letter mentions that you currently manage inventories through internal controls and serial tracking of items. Whatever system you elect to use for tracking contractor-owned property is not dictated by Department policy, however, process control oversight is the responsibility of the Defense Contract Management Agency (DCMA). In most instances, the contractor logistic support process that you describe, which has become a common practice for maintaining COTS aircraft for the U.S. Government, will not be subject to the UID requirement. In those cases where the Government may require the UID for additional visibility and accountability, however, we agree that additional guidance is needed.

Currently, the Joint Aeronautical Commanders Group (JACG) has been the forum for addressing the technical issues related to UID implementation. This joint group is developing guidance for part marking, based on industry and government lessons learned. L-3 is invited to participate in the joint/industry discussion. I have provided your contact information to the coordinator of that working group to ensure that you will be on the distribution for the upcoming meeting in December.

Thank you for your continued support of the UID initiative and efforts to keep us informed regarding the issues and implementation challenges. If you have further questions regarding this matter, my point of contact is Ms. Lydia Dawson, 703-695-1098 or lydia.dawson@osd.mil.

Sincerely,



Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy