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FY2018 NDAA section: 807 - Enhanced Supply Chain Scrutiny

Input: Juniper Networks supports DOD efforts to scrutinize supply chain risk management (SCRM) processes and avoid contracting with entities that pose a threat to national security. In fact, as a leading provider of networking solutions to DOD, we also deploy a SCRM strategy to ensure the security of our supply chain. We refer to our SCRM strategy as the 'Supplier Management Program.' The Program has three primary elements:

- (1) Supplier Performance Evaluation: we monitor supplier performance through verification and audit mechanisms;
- (2) Verification and Audit: we conduct risk assessments and onsite audits of contract manufacturers, original design manufacturers, and critical partners to evaluate their performance against our standards; and
- (3) Certification: each supplier must certify compliance with our Business Partner Code of Conduct, which is informed by the Responsible Business Alliance Code of Conduct and the Ten Principles of the United Nations Global Compact. Our Code of Conduct covers an array of compliance matters, including bribery and falsifying records.

In addition, our Brand Integrity Program reinforces the security of our products to thwart the introduction of counterfeit or compromised components or software. Brand integrity requires life-cycle threat modeling that identifies and proactively addresses weak points, from product development through production to shipping and warehousing. We conduct a detailed analysis of the ability of a foreign government or foreign entity to impact the activities at a facility, no matter where in the world it is located. On behalf of our customers, we carefully manage and audit:

- (1) Whether those products are authorized by the manufacturer
- (2) Our requirement that suppliers contract only from authorized channels
- (3) The documented origin of the product and who has touched the product in the distribution process
- (4) Whether the legitimacy of the product has been confirmed with the manufacturer.

Our primary recommendation to DOD is that it not only should develop such strategies but also make them a part of its acquisition decisions. In other words, having a SCRM strategy or process will not accomplish Congress and the Administration' unless DOD enforces it against its own potential supply chain. Unfortunately, we have become aware of more than one instance of DOD or one of its components choosing to purchase products from the gray market in order to lower the government's initial costs. Of course, gray market purchases come with significant risks as the provenance of the solutions cannot be ascertained.