“Public Meeting—Detection and Avoidance of Counterfeit Electronic Parts—Further Implementation”

March 27th, 2014
The escalation of Cloned-Counterfeits requires "Trusted Source" be re-defined by the DoD for our WAR FIGHTERS!
Escalating **Clone** Threat!

- **“Clone” Components**: Fraudulent component copies built from scratch that function and bear the part markings of large Original Component Manufacturers (OCM).
- In 2012 SMT labs positively identified cloned components flooding into the global supply chain.
- Many of these parts will pass DLA’s current AS6081 QTSL test requirements for non-trace components.
- This significant leap in the counterfeiters capability poses a growing “Clear & Present Danger” to our War Fighters and our National Security.
- We must re-define “Who” a “Trusted Source” is **NOW**.
DLA - QSLD Supplier

• 2009 - DLA created “Qualified Suppliers List of Distributors” (QSLD) to provide parts with unbroken OCM-traceability from QSLD-certified suppliers only.

  – Comprised of DLA-vetted / approved:
    • Component Manufacturers
    • Authorized / Franchised Distributors
    • Authorized After-Market Distributors
    • Non-Authorized Distributors / Parts Brokers

• All DLA requirements had to pass through this tier first.
DLA - QTSL Supplier

- 2012 - DLA created “Qualified Testing Suppliers List” (QTSL) to provide pre-tested parts without unbroken OCM-traceability.
  - Comprised of DLA-vetted / approved:
    - Non-Authorized Distributors / Brokers with a minimal degree of required in-house test capability. (QTSL suppliers can supplement certain required test capability deficiencies by utilizing services of approved 3rd party test labs)
    - (A good program requiring authenticity & functional testing on non-trace parts prior to shipment to DLA.)
Current QSLD & QTSL Procurement Model:

Today’s QSLD Vendor Program gives Non-Authorized Distributors / Brokers **EQUAL** supplier-class status to the Original Component Manufacturers and the Authorized Distributors.

**DLA**
Req. posted on DIBBS

**QSLD Suppliers - 1st**
(Bid with trace to OCM or QSLD supplier only)

- Component Manufacturer Authorized Distributor Authorized After-Market Non-Authorized / Broker
- (Parts are not available from QSLD)

**QTSL Suppliers - 2nd**
(Bid with trace to OCM, QSLD or with FULL testing)

- Non-Authorized / Broker
- (Parts are not available from QTSL)

**Open to Public - 3rd**
(DLA - Product Verification Testing required)
All efforts should be made to buy from OCM or Authorized QSLD suppliers first.

Non-Authorized Distributors / Brokers should appear only in the QTSL 2nd tier.

Necessary QSLD & QTSL Procurement Model:

1. **DLA**
   - Req. posted on DIBBS

2. **QSLD Suppliers - 1st**
   - (Bid with trace only)
   - TRUSTED SOURCES!!
   - (Parts are not available from QSLD)

3. **QTSL Suppliers - 2nd**
   - (Bid with trace, OR - without trace & with testing)
   - (Parts are not available from QTSL)

4. **Open to Public - 3rd**
   - (DLA - Product Verification Testing required)

Component Manufacturer Authorized Distributor Authorized After-Market

Non-Authorized / Broker

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Bring Risk-Clarification to the “Trusted Source” title

• The very real and growing threat from cloned-devices is on a danger factor of 10x over the traditional “refurbished” counterfeit parts our most current detection standards have been written around.

• Currently there are 33 approved QSLD 1st tier suppliers – 26 of which are Non-Authorized / Broker companies.

• Mixing OCM, Authorized and Non-Authorized / Broker together in the same top tier supplier classification is exposing our War Fighters to ever-increasing & unnecessary serious risks.
Bring Risk-Clarification to the “Trusted Source” title

• At the QSLD level DLA should only be placing orders with distributor companies whom are authorized to sell or remanufacture the specific OCM product being supplied.

• Authorized Distributors should be encouraged to fill all DoD requirements possible at the QSLD 1st tier Authorized-Only level without competing with Non-Authorized / Broker companies for this business.

• It is CRUCIAL that DoD re-set the bar now with clarity on what constitutes the “Trusted Source” title.

• BUY FROM THE TRUSTED SOURCE FIRST!