



DEPARTMENT OF DEFENSE
DEFENSE STANDARDIZATION PROGRAM OFFICE
8725 JOHN J. KINGMAN ROAD, SUITE 3239
FORT BELVOIR, VA 22060-6221



IN REPLY
REFER TO DSPO

'AUG 4 2008

The Honorable Christopher Wall
Assistant Secretary for Export Administration
Bureau of Industry and Security, Room 3886
U.S. Department of Commerce
Washington, D.C. 20230

Dear Mr. Wall:

I am writing to request the support and participation of the Bureau of Industry and Security's (BIS), Office of Technology Evaluation (OTE) to conduct a specialized survey in support of a Diminishing Manufacturing Sources and Material Shortages (DMSMS) Cost Resolution Values assessment.

The Cost Resolution Values were created by the DOD Defense Microelectronics Activity (DMEA) in an attempt to capture what it costs to perform specific types of solutions to resolve obsolescence problems. Developed many years ago, the DOD community and industry now believe that the solution types being utilized are understating costs. Anecdotal data reviewed by the DMSMS community confirms that in fact solution types being utilized are much more expensive than previously assumed and therefore inadequate to meet DOD reporting needs. My office is requesting that OTE: 1) validate the solution categories being utilized—are there enough categories and the correct types of potential solutions, and 2) determine the cost of each solution category utilized.

The overall purpose of this project is to survey government and industry to provide accurate data so that the DMSMS Guidebook and DMEA Cost Metrics documents can be updated to meet the cost avoidance reporting needs of program managers and DMSMS Management Teams (DMTs) throughout DOD. OTE has been asked to participate in this project because they have been participating in the DOD DMSMS Working Group for a number of years and are familiar with the issues.

For the purpose of conducting the survey, DSPO is prepared to enter into a project Memorandum of Understanding with BIS as well as provide necessary funding and technical support needed. We also suggest that BIS coordinate with other interested parties such as original equipment manufacturers, other Armed Services, and agencies involved with critical infrastructure issues, in order to capture the full impact of DMSMS obsolescence costs.

Any questions regarding this project please contact DSPO staff member Mr. Alex Melnikow at Alex.Melnikow@dla.mil or 703-767-1415. We appreciate your consideration of this request and are looking forward to the opportunity to work with OTE on this important project.

Sincerely,

Stephen C. Lowell
for GREGORY E. SAUNDERS
DIRECTOR