

Air Force Materiel Command

Supply Chain Risk Management



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Great Power Competition, Military – Civilian Fusion

- **Under great power competition, we see the fusion of military and commercial sectors, where adversaries are weaponizing commercial activity as means of degrading US Military capability. Examples include:**
 - **Russia’s cornering of rare earth element markets and the use of cartel-like actions**
 - **China’s practices of commercial entity exploitation**
 - **Weaponized Mergers & Acquisitions (M&A)**
 - **Pressuring companies to transfer technology to Chinese partner companies as part of doing business with China**
 - **Exploiting networks of scientific, academic, and business contacts to steal IP and technology secrets**
 - **Controlling ports via targeted ownership and insertion of Chinese-owned technology coupled with physical access to goods in transit**
 - **Exploitation of DoD commercial supply chains to introduce counterfeit parts**
- **All of these actions are focused on Anti Access Denial & Disruption, which are kinetic warfare-based strategies now entering the commercial domain**





Made in China: 2025

“Made in China: 2025” outlines China’s strategic goals for the next decade, issued May 2015 by China’s Premier of the State Council

40%

increase in domestic market share of basic core components and materials

70%

of the domestic market of “essential strategic materials” under Chinese control

100

domestic biopharmaceutical companies produce products that will be certified by the World Health Organization

70%

increase in domestic market share of basic core components and materials

85%

of the domestic market of “essential strategic materials” under Chinese control

5-10

new FDA approved drugs for sale on the international market

By 2020

MADE IN CHINA 中国制造
2025

By 2025

China’s plan to control domestic markets and expand in technological fields has been perceived as a threat by the U.S. government, which has contributed to their decision to impose tariffs and monitor Chinese investments.

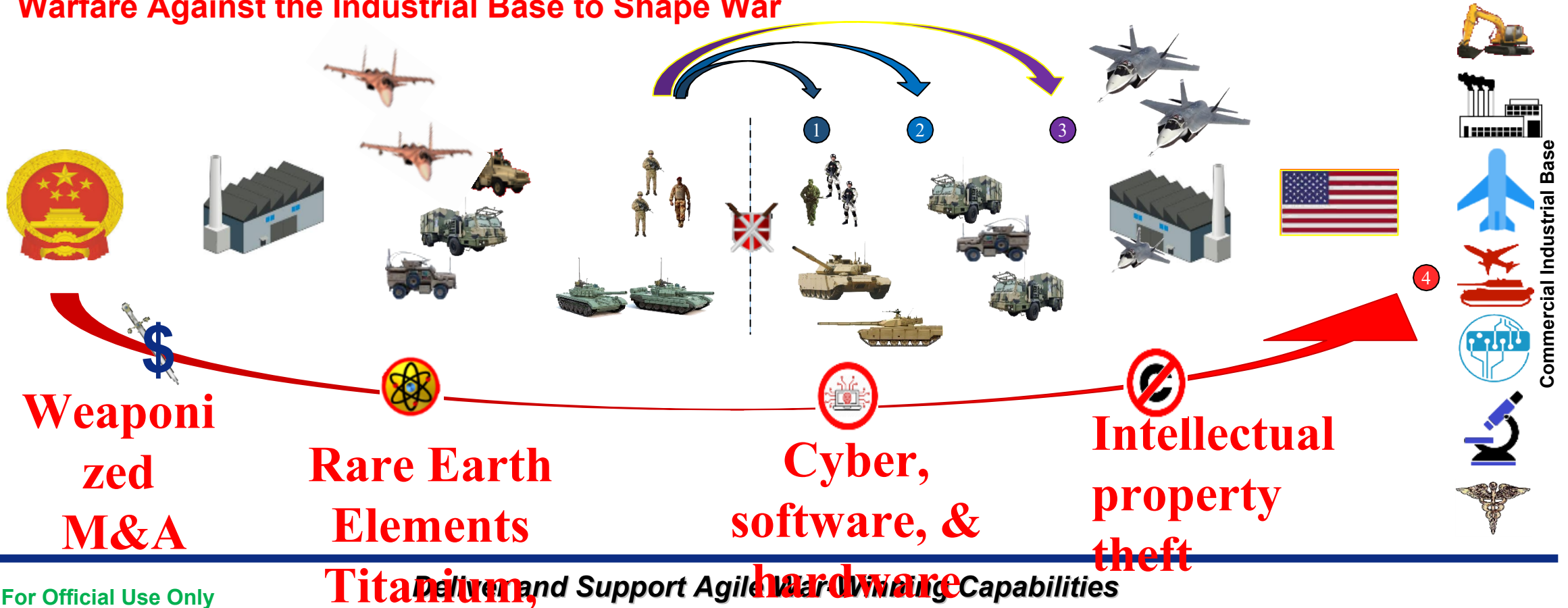


Supply Chain Risks & Disruptions

Domain of War

The domain of warfare is expanding well beyond the battlefield to create a new contested space!

1. Warfare on the Battlefield
2. Warfare Against Supply Lines Feeding the Battle
3. Warfare Against War Supporting Production Capability
4. Warfare Against the Industrial Base to Shape War

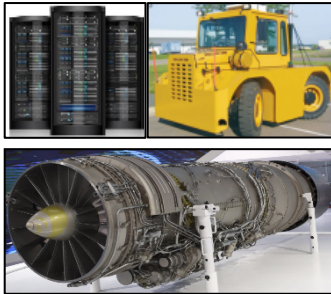




Supply Chain Risk Management Defined

SCRM: The systematic process of identifying, assessing, and mitigating threats, vulnerabilities, and disruptions to the AF supply chain to maintain the AF's mission effectiveness. SCRM seeks to *maintain the integrity of products, services, and technologies; ensure the uninterrupted flow of materiel and information; and provide for the efficient use of finances* across the lifecycle of our capabilities / programs.

Supply chains are broadly defined as...



Physical Goods



Services



Software / Information



Technologies/Commodities

Broad risks addressed by SCRM include...



Product Quality / Counterfeit



Financial



Political / Regulatory



Operational



Environmental



Technology

DMSMS

Diminishing Mfg / Materiel Shortages



Human Capital



Foreign Influence

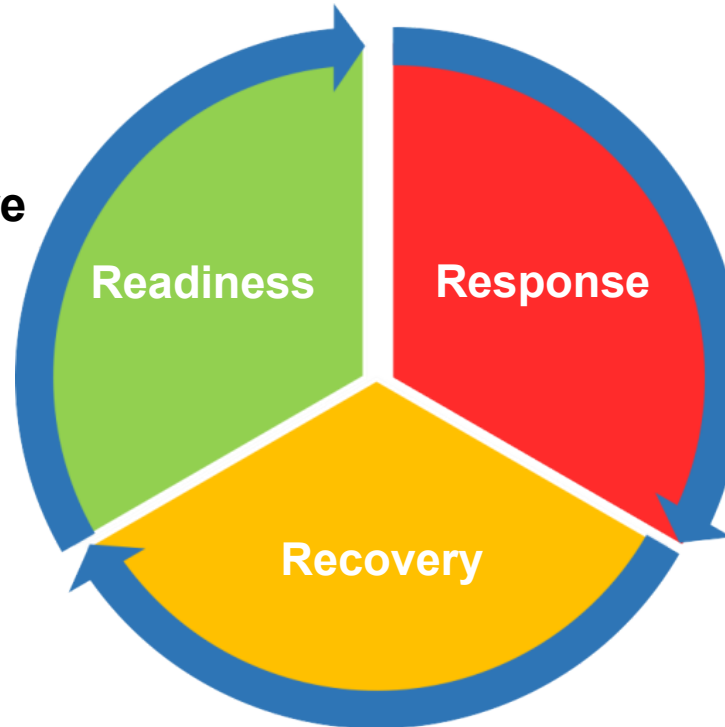
Deliver and Support Agile War-Winning Capabilities



Addressing Risk Across The Lifecycle

READINESS:

- Proactive / preventative posture
 - Methodical approaches
 - Analysis / data driven
- ↓
- SC Assessments
 - Hardware Testing
 - Inventory Reserves



RESPONSE:

- Reactive in nature
 - Identification & containment key
 - Depth and duration become critical
- ↓
- Risk Response Planning
 - War Gaming & Sim
 - Active Crisis Mgmt.

RECOVERY:

- Restoring performance is focus
 - Understanding the event becomes critical
 - Evaluations and re-planning occurs
- ← →
- Resolution Mgmt.
 - Forensic Analysis



IOC Focus on Strategy, Policy, & Process

SCRM Roadmap

“If you don't know where you are going, you'll end up someplace else.” – Yogi Berra

- Tool used to describe future-state capability that doesn't exist in DoD today
- Prescribes full operating capability objectives and key characteristics
- Employs the recognized JCIDS process for capability development



Policy Review & Rewrite

- Policy is the first step in the journey for SCRM implementation
- Currently policy is fragmented, inconsistent, incomplete, and lacking
- Triage approach undertaken, with a need for comprehensive review to follow
- Emphasis placed on working with HHQ to drive top-down improvement

Supply Chain Risk Management Policy Hierarchy

	Program Procurement Planning	Consolidated Parts Synchronization	Supply Chain Risk Synchronization - Summary
DoD Level	Supply Chain Risk Management Policy	Supply Chain Risk Management Policy	Supply Chain Risk Management Policy
AF Level	AF Supply Chain Risk Management Policy	AF Supply Chain Risk Management Policy	AF Supply Chain Risk Management Policy
AF Materiel Command Level	AF Materiel Command Supply Chain Risk Management Policy	AF Materiel Command Supply Chain Risk Management Policy	AF Materiel Command Supply Chain Risk Management Policy
AF Materiel Command Sub-Level	AF Materiel Command Sub-Level Supply Chain Risk Management Policy	AF Materiel Command Sub-Level Supply Chain Risk Management Policy	AF Materiel Command Sub-Level Supply Chain Risk Management Policy

Focused Risk Assessment Process

- 6 step process used to comprehensively ID and address risk
- Executable at functional level (Engineering, Program, Commodity, Technology, etc.)
- Designed specifically to be light lift for the engaging entity
- Employs short sprints with engagement across the assessment execution
- Results flow within days of kickoff
- Follow thru support provided until risk is burned down

