Update on DoD Progress in Anti-Counterfeiting
April 12, 2011
Securing the DoD Supply Chain: The Counterfeits Challenge

- Jan 2010 Dept of Commerce study and March 2010 GAO audit on counterfeit parts found:
  - A rise in counterfeit items entering DoD supply chains
  - Inconsistent DoD definition of counterfeit materiel
  - The need for more component testing
  - that DoD should develop and disseminate standard guidance on antip-counterfeiting
- DoD has a multi-layer process in place to detect and handle non-conforming material, of which counterfeit is an example. These processes have prevented serious incidents due to counterfeiting to date.

However, the DoD cannot be complacent against this global threat
What is the overall process for preventing counterfeiting?

**Life Cycle Controls**

**Procurement**
- Approved Supplier
- Authenticity
- Purchase Reports

**Acquisition**
- Parts List (IUID)
- Safety Items
- Controlled Inv. list

**Receipt**
- Inspect
- Certify authenticity

**Disposal**
- Standard Process
- Prevent Re-enter

**Detect**
- Tools
- Techniques

**Training Reporting Improvement**
How do we know we’re buying genuine material?

**Acquisition / Procurement**

- Assess Risk at Program Level
  - Critical Safety
  - Critical Mission
  - Costs
  - Counterfeitability
  - IIM Levels
  - Sole Source
  - OEM
  - Traceability
  - Other

- Ensure Good Quality at Source
  - Prior Experience
  - GIDEP*
  - On site inspection
  - Research
  - Other

- Protect Gov’t Contractually
  - Anti-counterfeit mechanisms
  - Quality controls
  - Indemnification / Damages
  - Warranties
  - Flow Down
  - Non-traditional Acquisition

* GIDEP – Government Industry Data Exchange Program
Anti-Counterfeit Information Flow

- **Receipt**
- **Acquisition/Procurement**
- **Process Detection**
- **Systems**
  - GIDEP
  - Critical Items
  - Vendor Information
  - Outside Links
- **Disposal**
- **Industry Input**
What we’re doing

• Issuing a Directive Type Memorandum (DTM) on full lifecycle anti-counterfeiting
• Developed a 4 year Program Objectives and Milestones to coordinate anti-counterfeiting activities
• Immediate focus on:
  – Service level programs and policy
  – Disposition of counterfeit materiel
  – Information sharing process
  – Input to White House lead initiative on counterfeiting and protection of intellectual property on procurement and regulatory policy