



DSCP MEDICAL READINESS

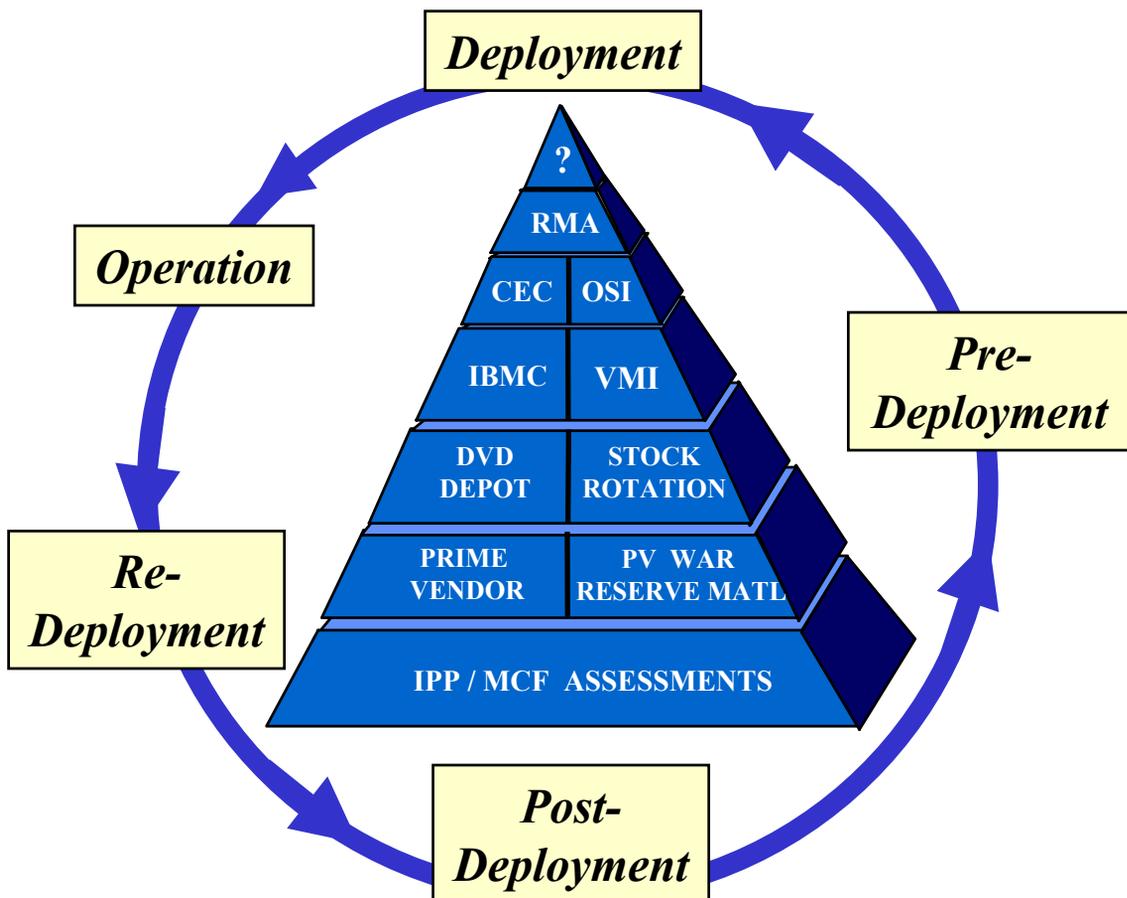


WHOLESALE MEDICAL LOGISTICS READINESS PLAN

Multiple Acquisition Strategies

Information Dominance

Velocity Management



Supporting America's Fighting Forces



**Prepared by INS, Inc.
Fifth Edition
First Printing - February 2004**



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IN REPLY

REFER TO **M**

February 11, 2004

TO OUR VALUED CUSTOMERS OF THE MEDICAL DIRECTORATE:

We continue to receive positive feedback from you our customers regarding the DSCP Medical Directorate's **Wholesale Medical Logistics Readiness Plan (WMLRP)**. We first published the WMLRP in the fall of 1997. Over the years we have continued to make changes to the WMLRP. This latest WMLRP booklet is our 5th Edition and provides the latest medical readiness information updates to include Medical Surgical Vendor Managed Inventory, Corporate Exigency Contract Awards, Prime Vendor War Readiness Materiel program, Overseas Support Initiative Contract, Medical Contingency File, Medical Air Bridge, Electronic Catalog (ECAT) Readiness (contingency contracts execution tool), Readiness Management Application progress and other ongoing initiatives.

The mission of DSCP's Medical Directorate is to increase the combat readiness of America's Fighting Forces by providing our soldiers, sailors, airmen, marines, their families, and other customers' world-wide the best possible customer response for medical supplies and equipment when and wherever needed. To fulfill this mission, we have developed multiple acquisition strategies to meet your requirements in support of peacetime operations, humanitarian relief efforts, lesser military contingencies and major wars. These programs are complimentary, mutually supporting and are best described as our "Readiness Pyramid." Each block plays an important and defined role, but none are independently capable of meeting the full spectrum of support required.

As we build our "Readiness Pyramid," we continue to focus on achieving a number of key objectives:

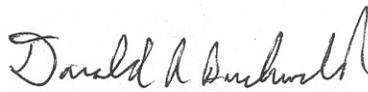
Cost Effectiveness: Our primary goal is to buy access to inventory whenever possible. When our only option is to purchase inventory, we attempt to couple this with a commercial rotation base. Buying and holding stock is only used as a last resort. Through the Warstopper program, DLA and DSCP partner to provide funding for many of these readiness initiatives.

Jointness: Joint Vision 2020 envisions a focused logistics system capable of responding rapidly, tracking and shifting assets even while enroute and interfacing at the strategic, operational and tactical levels to reduce our logistics footprint and decrease the vulnerability of our logistics lines of communications. Success in this endeavor depends on close cooperation and inter-relations between DSCP, the Military Services and the healthcare industry.

Information Technology: Working with the Defense Medical Logistics Standard Support (DMLSS) Program, the Services and others, we will ensure that the electronic information tool is a strategic multiplier, which provides the means to make focused logistics a reality.

We hope this Wholesale Medical Logistics Readiness Plan booklet assists you in better understanding our medical logistics support capabilities, their strengths and their weaknesses. Please keep in mind that this is but a snapshot in time. We continue to expand contractual support and add new programs to our readiness pyramid as we identify better, more effective means of fulfilling our readiness mission.

Please do not hesitate to contact us with any questions or comments you may have.


DONALD R. BUCHWALD
Colonel, US Army
Director
Directorate of Medical Materiel

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WHOLESALE MEDICAL LOGISTICS



READINESS PLAN



TABLE of CONTENTS

OVERVIEW	1
IPP / MCF ASSESSMENTS	5
PRIME VENDOR	11
PRIME VENDOR WAR READINESS MATERIEL	17
DEPOT STOCKS / DVD	21
STOCK ROTATION CONTRACTS	31
INDUSTRIAL BASE MAINTENANCE CONTRACTS	35
VENDOR MANAGED INVENTORY	39
CORPORATE EXIGENCY CONTRACTS	43
OVERSEAS SUPPORT INITIATIVE	49
READINESS MANAGEMENT APPLICATION	53
DSCP MEDICAL INITIATIVES	61
TOTAL ASSETT VISIBILITY	71
FINAL COMMENTS	75
ACRONYMS	79
QUICK REFERENCE GUIDES	86
Readiness Management Application (RMA)	
DSCP Medical Readiness	

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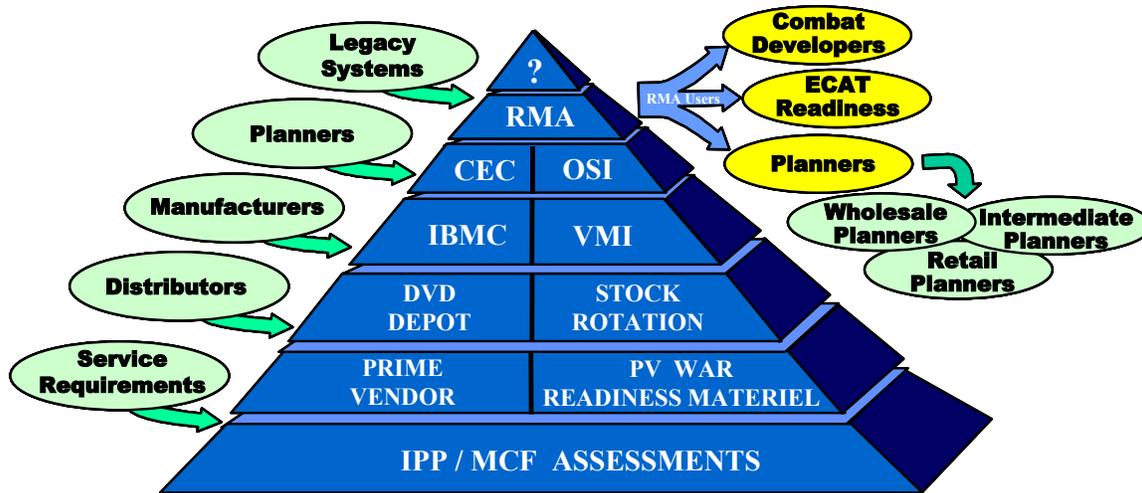


OVERVIEW



Partnering the World's Best Suppliers
with our Joint Warfighting Team

DSCP Medical Directorate continues to develop readiness acquisition and support strategies to meet today's logistics challenges, while moving forward to meet tomorrow's challenges. **Medical logistics at DSCP is not business as usual.** Our future support planning architecture is being guided by the challenges of tomorrow. "Focused Logistics" and "Velocity Management" support philosophies as described in Joint Vision 2020 and the Joint Medical Logistics 2020 (JML 2020) doctrines are those challenges. DSCP is actively working the readiness concept by continuing to reengineer current processes. In 1999, Vice President Gore recognized the Medical Readiness and Customer Support Business Unit by awarding the Hammer Award for reinventing readiness support and instituting new business practices into the government support process. The Medical Directorate is always on the lookout for business opportunities with the goal of developing new and innovative partnerships with the healthcare industry, which will improve medical readiness support and reduce the Services' readiness costs.



"READINESS PYRAMID"

In the recent Gulf War, the contingency contracts which make up the Readiness Plan were utilized extensively and proved to be very effective. The Readiness ECAT tool for ordering materiel through the contingency contracts was also utilized. There were approximately 2,000 service requirements satisfied through the contingency contracts.

The revolutionary changes in joint military support operations and corresponding developments in Joint Health Service Support (JHSS), as well as recent changes in commercial business practices, have changed how DLA and DSCP plan to provide

wholesale medical logistics support to the Services. These changes are explained in this DSCP **Wholesale Medical Logistics Readiness Plan (WMLRP)**. The WMLRP is a comprehensive and iterative concept of various initiatives and **building block programs** that provide a continuum of acquisition and support options to meet today's and tomorrow's medical readiness challenges. The DSCP WMLRP outlines procedures that DSCP is establishing to ensure that medical materiel is available to support the Services' plans to provide Joint Health Service Support in support of military operations in accordance with Joint Publication 4-02, Doctrine for Health Service Support in Joint Operations. The WMLRP explains programs that DSCP has adopted to help satisfy Service time phased shortfall requirements. A thorough review of the WMLRP will assist Service medical planners and logisticians as they plan to provide medical support for military contingency operations. The WMLRP will help you understand how the wholesale medical logistics support operates and will be there to meet your needs.

To that end the Readiness Plan is being built to provide "Customer Response and Combat Readiness." The objectives of the plan are to put in place contracts, business rules and agreements to rapidly acquire the full spectrum of medical supplies and equipment using a multitude of supply sources. This includes the maximum use of contractual access to commercial inventory vice the purchase of materiel. Another main objective of the plan is to utilize the same systems seamlessly during peace and war. A major goal of the plan is to support the Joint Total Asset Visibility (JTAV) program by providing the capability to trace and monitor materiel from the factory to the theater, under positive control, and through a highly visible and flexible distribution system. The vision is to develop a single overarching acquisition process, which will employ web-based technology, will be EDI driven and links DSCP, customers and suppliers. The vision embraces the use of commercial numbering, automated pricing, and automated sourcing of information to include commercial classifications for alternate and equivalent items.

Using inputs from various sources, from legacy systems, medical planners, domestic and foreign manufacturers and distributors, to Service Requirements both planned and unplanned, DSCP's medical readiness and support concept is built as a pyramid. Each block plays an important and specific role in meeting the Military Services' requirements. However, each block is not mutually exclusive as they support and complement each other in the overall Medical Readiness Plan.

- Industrial Preparedness Planning (IPP) Assessments, in conjunction with the Medical Contingency File (MCF) provided by the Services, are the pyramid's **foundation** to building readiness.
- The Prime Vendor, Prime Vendor War Readiness Materiel, Depot and Direct Vendor Delivery programs are the **cornerstones**.
- Stock Rotation, Vendor Managed Inventory (VMI), Corporate Exigency Contracts (CEC), Industrial Base Maintenance Contracts (IBMC), and Overseas Support Initiative (OSI) are the critical healthcare **industry partnership blocks**.
- The Readiness Management Application (RMA) serves as the **management application tool** that will allow DSCP Medical, the Combat Commanders (CCs) and the Military Services the ability to assess, via one database, the level of wholesale

medical logistics support. Through the RMA, the Services and Medical Logistics Planners and Combat Developers can visualize the total wholesale medical coverage available to meet their requirements. RMA also provides visibility of materiel in the commercial marketplace and products of choice through the Medical Commercial Product Visibility (MCPV) data. RMA data and information is exchanged with the Joint Medical Asset Repository (JMAR) and the Joint Total Asset Visibility (JTAV) repositories to expand access to the wholesale medical logistics information.

The “?” at the top of the readiness pyramid indicates that the building process is not complete. New and innovative ideas and partnerships are continuously being sought and developed. Current initiatives, such as the Prime Vendor War Readiness Materiel program, Medical Contingency File (MCF), Readiness Electronic Catalog (Readiness-ECAT) (contingency contracts execution tool), the expansion of the Overseas Support Initiative (OSI) for Intravenous (IV) Solutions and other Medical Surgical products, expanding coverage for laboratory materiel, the establishment of a Medical Air Bridge (MAB), and a Pharmaceutical Corporate Exigency Contract Program are discussed throughout the booklet.

Contractual access to commercial inventory and partnering with distributors and manufacturers, coupled with superior information technology, are key ingredients to building the readiness of the future.

As customers, whether you are a member of the military, of a support service, a distributor or a manufacturer, you are a major player in helping DSCP build its readiness wholesale support plan. Your input and suggestions are always welcome.

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Each of the readiness building blocks and their relationship to the overall wholesale readiness concept is explained in greater detail on the following pages. The last two pages of this booklet are one-page summaries, which can be removed as a quick reference on the DSCP Readiness Program and the RMA Program. We hope this publication is helpful in providing you a better understanding of how wholesale medical readiness will be there when you need it.

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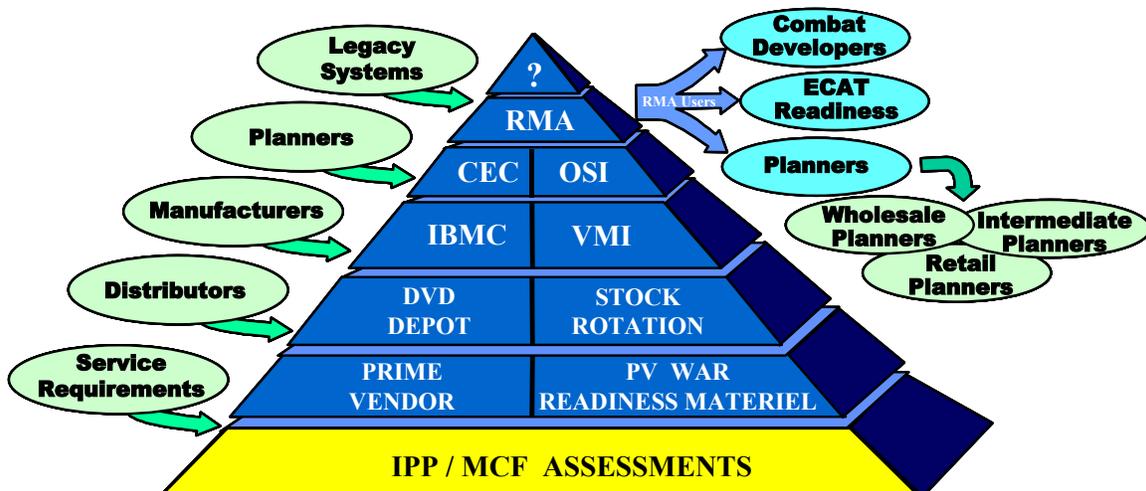
IPP ASSESSMENTS



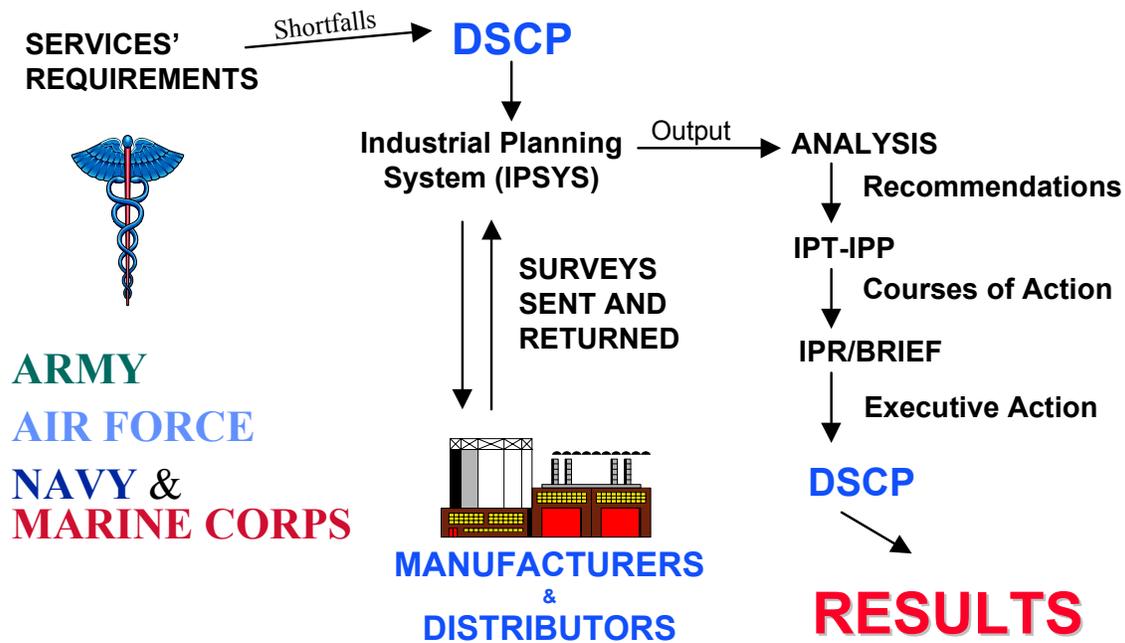
The foundation for medical readiness planning at the wholesale level is the Industrial Preparedness Planning (IPP) assessment. The IPP assessment is a collaborative effort between DSCP Medical, the Services and the healthcare industry. DSCP Medical Directorate conducts the IPP survey and manages the program. The goal of the IPP process is to assess the industrial capabilities of manufacturers and distributors to provide materiel to meet the time phased mobilization and sustainment requirements of the Services. Proper IPP assessment allows both DSCP and the Services the ability to plan and assess the wholesale medical readiness posture.

Once the Services' time phased requirements (Days 1 to 180) are provided to DSCP, DSCP passes the requirements to the healthcare industry via an IPP survey sheet. After the surveys are sent to the manufacturers and distributors, the manufacturers and distributors voluntarily provide time phased production data against the Services' requirements. The IPP survey results and data will reside at DSCP in the Readiness Management Application (RMA). The IPP assessment data, which includes the Services' requirements, serves as the foundation for the wholesale readiness initiatives.

To facilitate the contractual coverage of identified Services' shortfalls, the Services agreed to populate and periodically update a database called the Medical Contingency File (MCF), which consolidates the 60-day, time phased wartime requirements from all four Services. The MCF candidates will reside at DSCP in RMA as a subset of the IPP data. The ultimate goal is to enable the Services to use the data feeds within RMA to obtain "product of choice" information in developing all of their wartime requirements as well as IPP candidates.



The IPP process begins with the Joint Staff, J-4, and the Defense Logistics Agency (DLA) requesting the Services to provide their “shortfall” requirements to DSCP. The Services, using the latest Defense Planning Guidance (DPG), determine their respective time phased medical requirements. Next, the Services evaluate their own capabilities and determine their materiel “shortfalls”. “Shortfalls” represent medical materiel which the Services do not have on-hand or on contract to meet their supporting requirements. These time-phased “shortfalls” are then passed to DSCP and serve as the basis for conducting an IPP survey. The IPP requirement generation process is conducted bi-annually, a two-year cycle.



Upon receipt of the Services’ shortfalls, DSCP begins the IPP process by compiling a database of manufacturers and major distributors. The Services’ shortfalls will be entered into the Readiness Management Application (RMA). Surveys will be generated and completed by the manufacturers and distributors (Firms). Each Firm will have the option to complete their survey on line, on their desktop, or via the traditional paper survey. The manufacturers’ and distributors’ production data will be entered into RMA for analysis. If requested by a manufacturer or distributor, or if a returned survey data warrants further industrial assessment, DSCP personnel will conduct site visits to assist in obtaining accurate survey data.

In preparation for the 1999 Industrial Base Planning (IBP) survey iteration, the 1997 IBP database was manually expanded to include identical items with varying packaging sizes and similar items. This resulted in approximately 120,000 lines being identified as possible new sources of supply. For example, there are five companies which manufacture/distribute “widgets.” “Widgets” come in ten different sizes. Each

company's survey was expanded to include all ten sizes. Furthermore, items similar to the "widgets" were added to a company's survey. Additionally, Commercial Asset Visibility (CAV) data was examined and utilized to help identify additional sources of supply. The results of these two endeavors were the doubling of the size of the industrial base surveys in 1999.

As the manufacturers and distributors return the surveys to DSCP, their respective survey data is input into the IPSYS data bank. IPSYS then assesses the data and determines an IPP rating. Ratings are classified as either "Green" or "Red". What does the rating classifications mean to the Services? In short, a "Green" rating indicates that the wholesale level of medical materiel support in conjunction with the industrial base can meet the Services' IPP shortfall requirements. Conversely, a "Red" rating indicates that the industrial base cannot meet the Services' IPP shortfall in one or more of the time phased periods. In conjunction with the Services, resolution of these "Red" items becomes our main concern, though we continue to monitor the industrial base for changes.

The IPP process survey results are reviewed by the Integrated Medical Logistics Group (IMLG) sponsored Integrated Process Team for Industrial Preparedness Planning (IPT-IPP). IPT-IPP membership consists of DSCP (Chairperson), Service Medical Logistics Offices, Joint Readiness Clinical Advisory Board (JRCAB), Office of the Assistant Secretary of Defense for Health Affairs and DLA HQ. The IPT-IPP is empowered to examine the IPP process along with reviewing the suggested rating and to determine, as a group, alternative courses of action to resolve "Red" items. Examples of alternative courses of action are:

- Finding alternate or substitute items that are more readily commercially supportable.
- Develop or expand an acquisition strategy to resolve industrial shortcoming, i.e., buy finished goods, pre-stage or buy raw materiel and components to shorten production lead-times, and other courses of action to fill the industrial gap until production can ramp up to meet the Services' requirements.

The Joint Readiness Clinical Advisory Board and the Services play a major role in resolving these "Red" items. Once a course of action is determined, DSCP is then tasked to execute the agreed upon actions, pending available funding.

There was no IPP survey conducted in 2001 due to a Service reconfiguring their requirement generation systems. The Services provided their time-phased requirements in May 2002. DSCP IPP personnel started surveying the industrial base in July 2002. The survey process was placed on temporary hold for nine months while the IP Specialists were reassigned to duties in direct support of Operation Enduring Freedom and Operation Iraqi Freedom. The data collected by the IPP surveys was instrumental in DSCP's successful support of the Warfighter. The survey iteration was completed in December 2003. Results of which will be promulgated in February 2004. The next IPP survey will be conducted in 2005.

The following chart provides a comparison of the last four completed industrial base surveys.

* COLORSTAT								
	1995		1997		1999		2002	
	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>
Green	430	27	5,458	62	7,552	83	7,152	80
Yellow	261	16	318	4	271	3	414	4
Clear	791	49	1,263	14	408	5	328	4
Red	<u>124</u>	<u>8</u>	<u>1,730</u>	<u>20</u>	<u>843</u>	<u>9</u>	<u>1,073</u>	<u>12</u>
Total NSNs Surveyed	1,606	100	8,769	100	9,074	100	8,966	100

*COLORSTAT codes are used as an interim tool to help classify an NSN.

Green indicates that all of the Service's Go To War shortfall requirements can be met by the medical industrial base.

Yellow indicates that the medical industrial base can only meet some of the requirements, but there are still surveys in the field that have not yet been returned. The NSN has the potential of turning Green.

Clear indicates that the medical industrial base has not returned any survey(s) at this time in order for DSCP to formulate a readiness position.

Red indicates that the industrial base cannot meet the Services' IPP shortfall in one or more of the time phased periods.

** Interim results.

Survey Status*								
	1995		1997		1999		2002	
	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>
Participants	UNKNOWN		1,501	88	1,132	91	1,182	93
Non-Participants	UNKNOWN		<u>204</u>	<u>12</u>	<u>110</u>	<u>9</u>	<u>95</u>	<u>7</u>
Total Firms	UNKNOWN		1,705	100	1,242	100	1,277	100

* The number of industrial base firms surveyed. Non-participants were those companies that have not replied to our survey requests.

Line Status*

	1995		1997		1999		2002	
	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>	<u>Qty</u>	<u>Pct</u>
Participants	UNKNOWN		22,776	78	47,214	84	46,339	87
Non-Participants	UNKNOWN		<u>6,588</u>	<u>22</u>	<u>9,268</u>	<u>16</u>	<u>7,039</u>	<u>13</u>
Total Lines	UNKNOWN		29,354	100	56,482	100	53,378	100

* A line represents one NSN in a specific survey. A survey can contain many NSNs. An NSN may be included in several different surveys.

Tracking

	1995	1997	1999	2002
Phone Calls	UNKNOWN	UNKNOWN	3,430	2,922
Letters	UNKNOWN	UNKNOWN	1,968	3,813

Tracking capability was a feature added to IPSYS for the 1999 IPP iteration. Follow-up letters were automatically generated to assist the IP Specialist in obtaining completed surveys. The number of lines a survey contained was one factor that dictated how many automated follow-up letters would be sent prior to the IP Specialist phoning the company. Several new capabilities were added for the 2002 IPP iteration, including automated Fax follow-up letters and automated E-mail follow-up letters.

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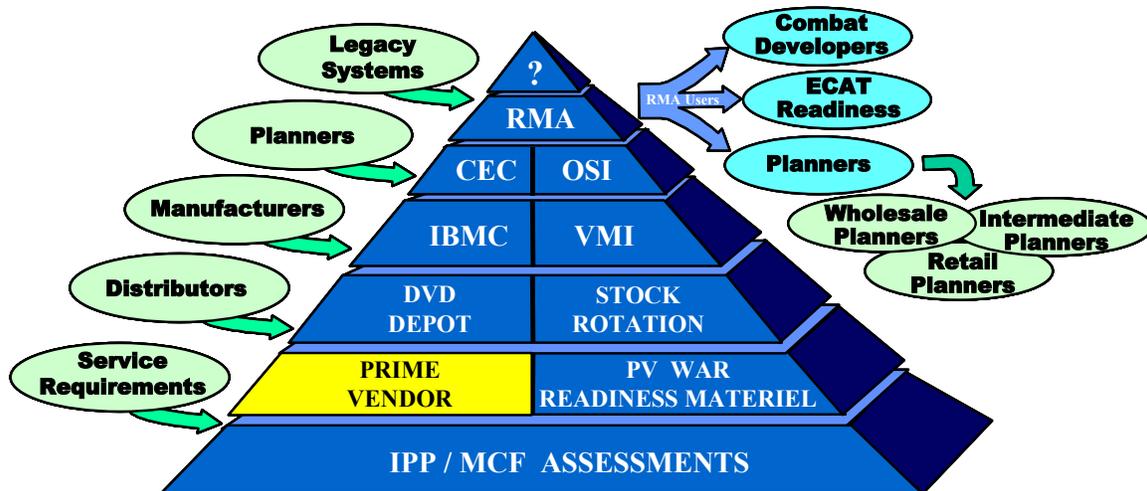


PRIME VENDOR



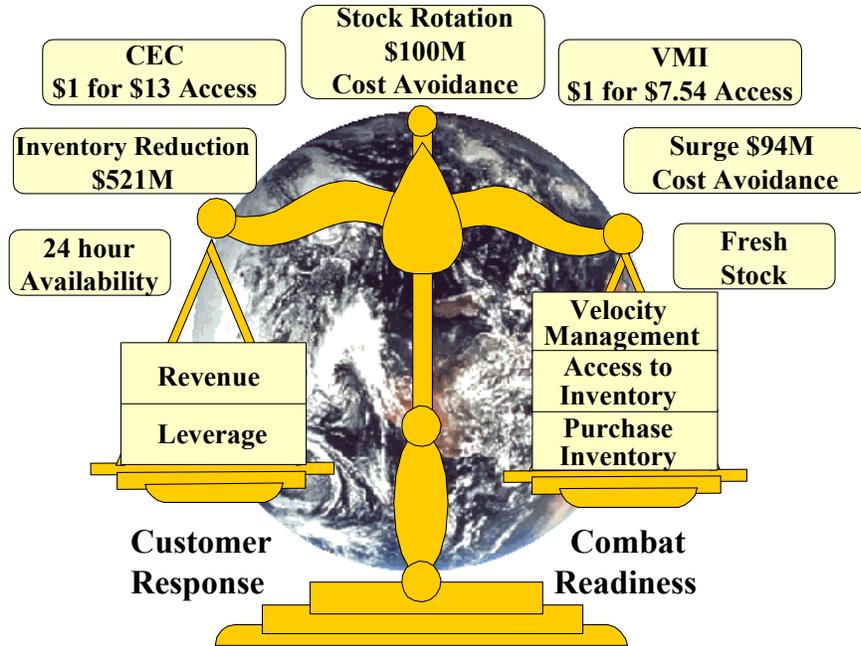
The Prime Vendor (PV) Program provides participating facilities with a “prime” supplier or distributor for a commodity line and is a key component of peacetime medical logistics support. However, while this program primarily supports peacetime operations, it is also a **significant piece of the foundation** for DSCP’s medical readiness strategy. PV sales give us the leverage to support critical readiness requirements such as Prime Vendor Surge Options, War Readiness Material (WRM), Pre-positioned Stock and Medical Commercial Product Visibility (MCPV) data. Because PV provides material at lower costs, it also helps to spread our limited readiness dollars as we purchase materiel to fill our sets, kits and outfits (SKOs). PV has additionally provided support at the lower end of the intensity spectrum for initial outfitting and support during contingency operations, military operations other than war and military exercises.

A solid peacetime business base is essential to ensure responsive customer support and wartime readiness. The leverage, which the Prime Vendor business gives to the support of the Readiness Programs, cannot be understated.

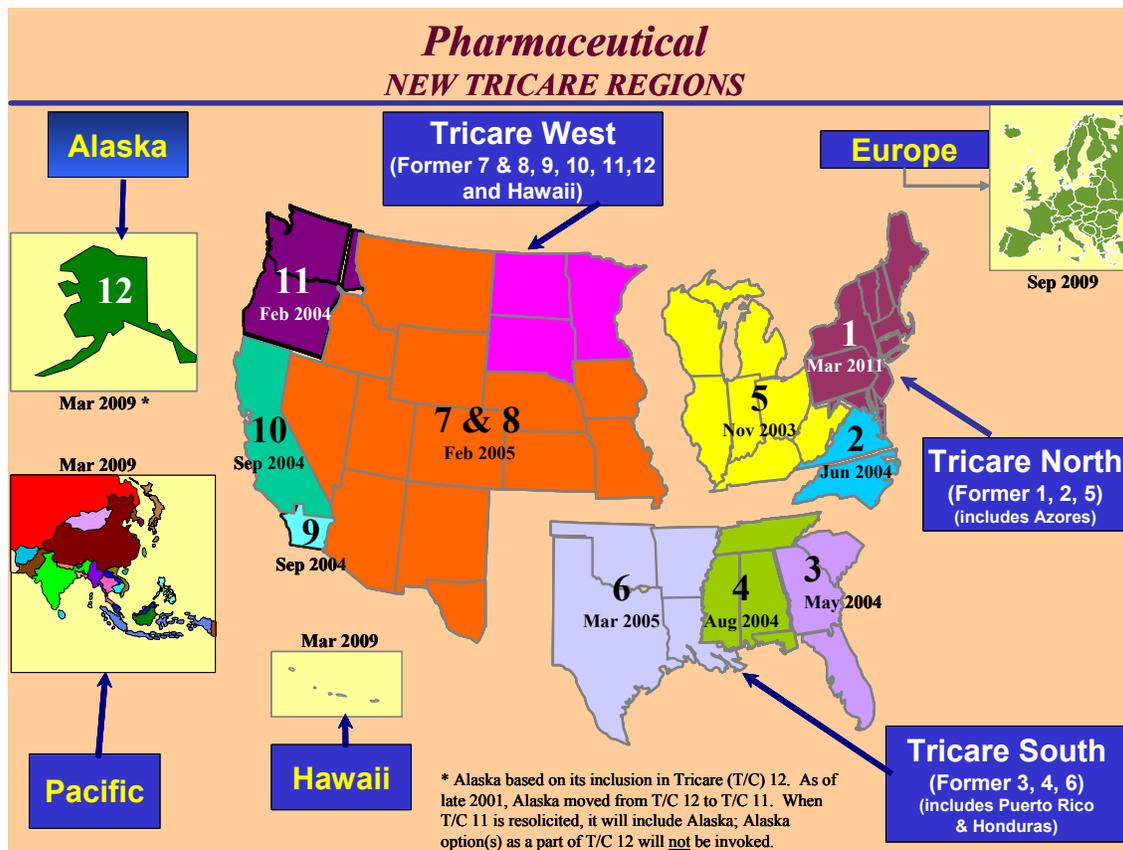


The Prime Vendor program provides for a single distributor of commercial brand name specific and generic medical supplies to support a group of hospitals or activities within a geographic region. A PV is a business entity that functions as a customer’s primary source for specific products. A PV is responsible for the delivery of goods produced by various suppliers to the customer upon order. Recent solicitations and awards in the Pharmaceutical PV Program have also established a Secondary Prime Vendor (SPV) to back up and support the Primary Prime Vendor (PPV).

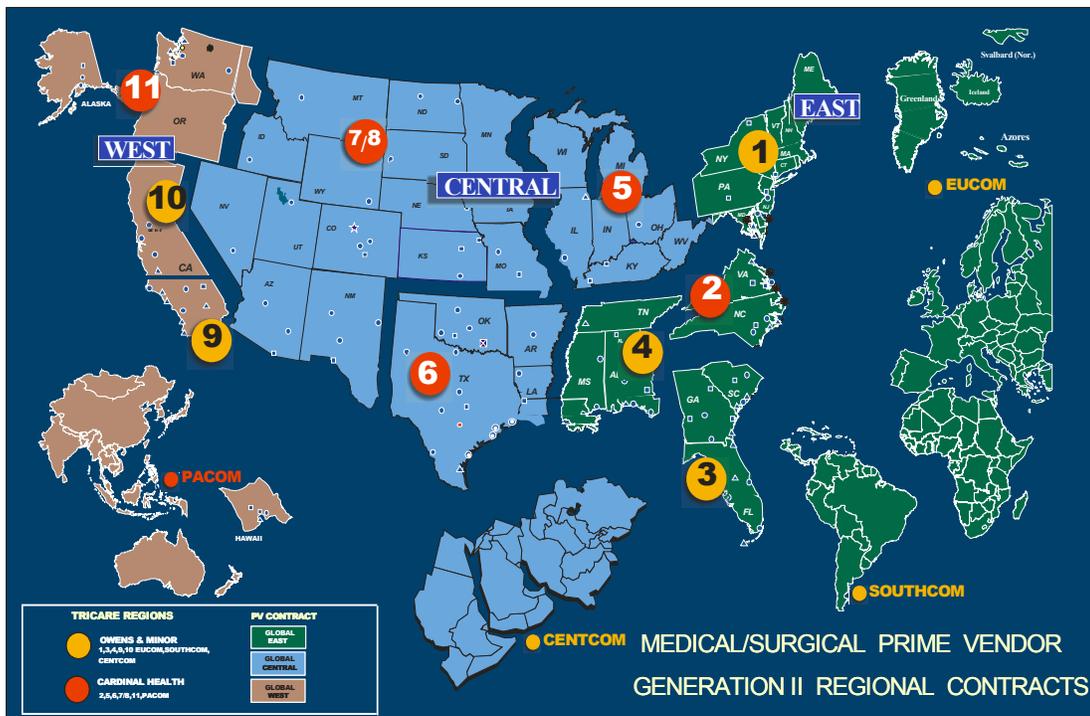
Peacetime Revenue = Wartime Readiness...



There are currently 17 Pharmaceutical regions (includes the National Pharmaceutical Prime Vendor which supports the Tricare Mail Order Pharmacy Program and the Fleet Prime Vendor) supported by five different Prime Vendors. The CONUS pharmaceutical Prime Vendor provides access to a wide range of commercial items and guarantees delivery on the next business day.



The Medical Surgical Prime Vendor (PV) Program supports 11 U.S. Tricare Regions. It also supports the U.S. European Command (EUCOM), the U.S. Southern Command (SOUTHCOM), the U.S. Pacific Command (PACOM) to include Alaska and Hawaii, the U.S. Joint Forces Command (JFCOM), and the U.S. Central Command (CENTCOM). Two Medical Surgical Prime Vendors received awards for primary distribution service. Each Tricare Region and U.S. Command selects one of these Prime Vendors for its support. The contracts include Service specific pre-planned level of medical logistics support requirements necessary to support mobilizing units for a military or humanitarian contingency. Each contract details the identified Service Program items covered by quantity and DAPA. Each PV offers Service Program access to the designated surge materiel for a twenty-month period at a stipulated cost. To establish this coverage, the Services elect surge coverage for their respective Program by executing payment of the stipulated coverage cost to one of the Prime Vendors.



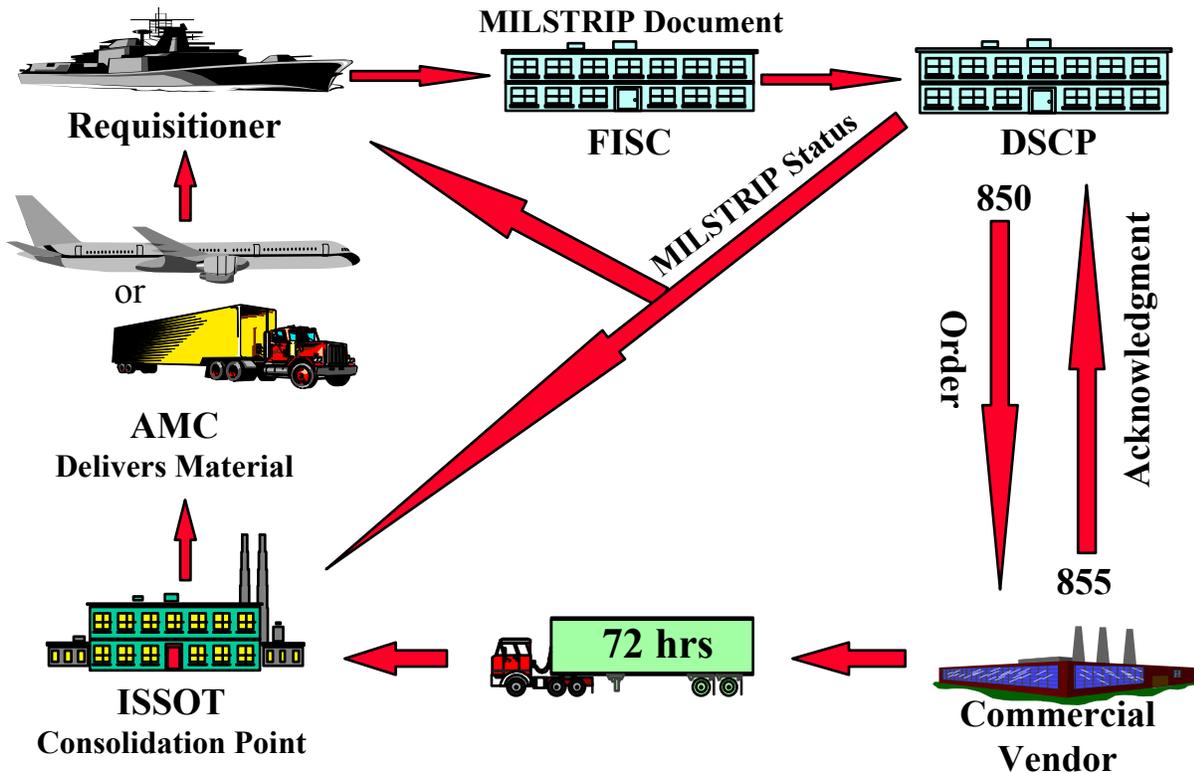
DSCP's Distribution and Pricing Agreements (DAPAs) with manufacturers, regional DAPAs with distributors and Incentive Agreements support the PV program by providing preferred customer pricing and a wide range of choices. In addition to the DAPAs, the prime vendor program utilizes products and prices that appear on DSCP National Contracts as well as Federal Supply Schedules and National Contracts issued by the Department of Veterans Affairs. Pharmaceutical customers may choose from over 17,800 items and Medical/Surgical customers may choose from over 252,000 items. Within hours, the customer can have his order confirmed by their PV through electronic ordering.

As an added benefit, Reports of Discrepancies are worked or coordinated directly with the PV providing a faster and mutual resolution.

In the Medical Surgical Prime Vendor arena, DSCP-Medical expanded product supportability to non-DAPA products by implementing the Alternate Commercial Product Ordering Program (ACPOP) with its two Prime Vendors, Owens and Minor and Cardinal. ACPPOP offers our medical surgical customers an opportunity to order products that are not covered by a DAPA but are offered through the PV's commercial inventory. The products may be designated as usage or non-usage data items. Customers supported by DMLSS can place their orders through their legacy system.

In support of the Navy, Fleet Prime Vendor contracts were awarded to Cardinal Health for Pharmaceuticals and to American Medical Depot for Medical and Surgical supplies. The contracts cover support for the fleet, as well as contingency support for the hospital ships, USNS Comfort and USNS Mercy. The contract differs slightly from our other Prime Vendor contracts in that there is no direct input of any order from the customer into the PV's order entry system. However, an initiative is underway to transition the Fleet to a Web based ordering process. Fleet personnel will place NDC driven orders directly to a pharmaceutical prime vendor's regionally located distribution center via the vendor's commercial web site. Benefits will include reduced customer wait time (24 hour delivery) and reduced costs. Currently the individual fleet units continue to process normal MILSTRIP requisitions using a National Stock Number (NSN) through the Fleet and Industrial Supply Center (FISC). Up to this point it is business as usual for the Navy units using both the Pharmaceutical and Med/Surg Prime Vendors. The NSN MILSTRIP requisition is submitted to DSCP and DSCP, after editing, transmits an electronic order to the Prime Vendor. The Prime Vendor confirms the customer order within 6 hours after receiving the electronic order from DSCP. DSCP transmits the MILSTRIP status to the customer. The Prime Vendor has 72 hours for stocked items and 15 days for non-stocked items to have the materiel at the Inter-Service Supply Support Operations Team (ISSOT) consolidation point. The consolidation point marks and repackages the materiel in accordance with Navy specifications for further transshipping. The following diagram depicts the Pharmaceutical and Medical/Surgical Fleet Prime Vendor process.

Fleet Prime Vendor Process



It is important to note that the PV program was developed for peacetime and is not structured to directly satisfy large surge or deployment requirements. DSCP Medical has other strategies for these readiness components. The Prime Vendor Surge building block was specifically designed to enhance the surge capability of mobilizing and deploying units. The Vendor Managed Inventory (VMI) program is also becoming a major source of supply for Services' deployers to rely on for initial support. Keep reading!

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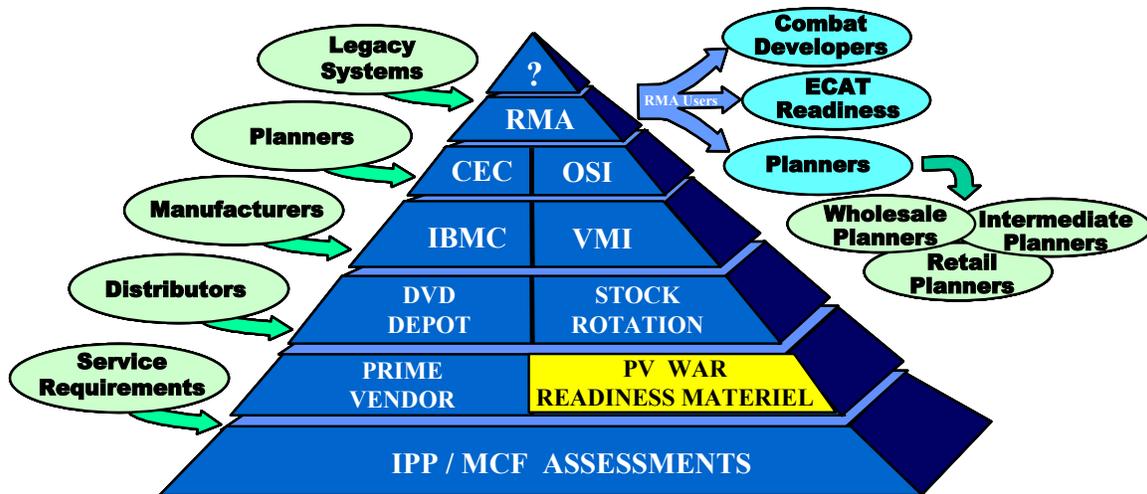


PRIME VENDOR WAR READINESS MATERIEL

(PVWRM)



In the evolution of Prime Vendor (PV) contracts, the second generation of contracts saw a shift from the traditional Prime Vendor Surge provision dedicated to support Service designated local commands and the satisfaction of their “get out the door” requirements. The new provision – Prime Vendor War Readiness Materiel (PVWRM) – is designed to provide contractual coverage of prime vendor material in support of all Services’ identified shortfalls while at the same time utilizing the nationwide inventory maintained by the Prime Vendors. In the Pharmaceutical Prime Vendor contracts, the traditional surge option still exists and is combined with PVWRM while for Medical/Surgical Prime Vendor contracts, the surge provision has been deleted and contingency support is provided totally by the PVWRM provision.



Pharmaceuticals:

Prime Vendor contingency materiel is available to our Military Services’ customers under two separate option provisions contained in each of our pharmaceutical prime vendor contracts—a Prime Vendor Surge Option and a Prime Vendor War Readiness Materiel (PVWRM) Option.

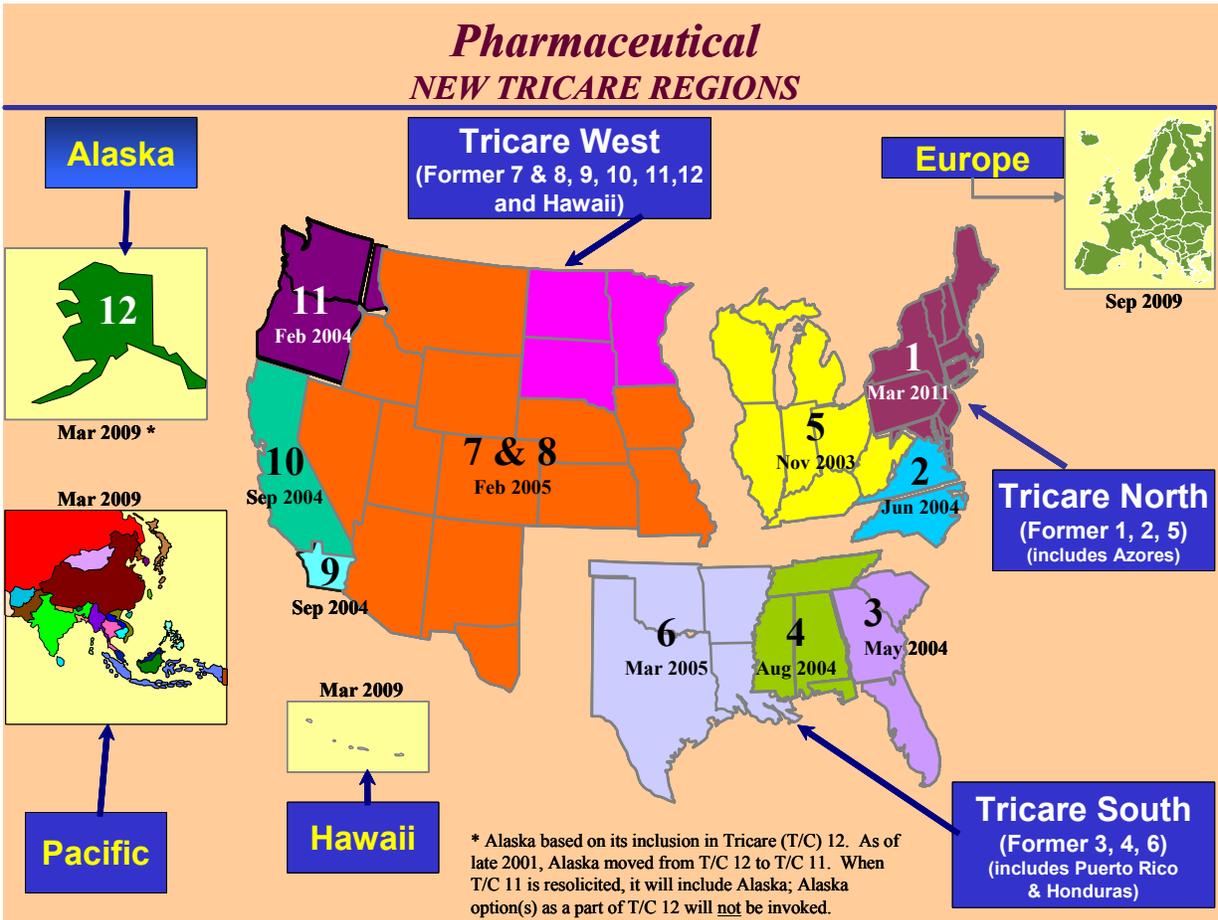
Prime Vendor Surge Options are designed to help the units or organizations within a Prime Vendor Region obtain those pharmaceutical items to round out their assemblages on shelf-life materiel. The intent of the program is to provide coverage for the Services’ surge requirements by leveraging Prime Vendor peacetime contracts. The surge items are tailored by region with the intent to get specific Services’ units “out

the door” in time of conflict. The strategy is to buy response vice inventory and is a DSCP Medical Directorate initiated readiness support concept. The Services’ specific medical requirements, by region, are incorporated into peacetime PV contracts via surge option clauses and by adding tailored line item detail for pharmaceutical materiel. The intent of the tailored surge options is twofold. First intent is to have the regional Prime Vendor prepared to provide a specific pre-planned level of essential logistics support necessary to round-out unit assemblages when an activity is mobilized or deploying. The second intent is to facilitate the military unit in planning for their coverage and to provide a contractual vehicle to acquire the material expeditiously when required. Even though the requirement for material under the Surge Option is provided by DSCP to the Prime Vendor, it is essential that the units contact their regional Prime Vendor and open a dialog with the Prime Vendor on this coverage. By working together, the PV can be better prepared to serve the unit and the unit can have a level of assurance that the materiel will be available in a timely manner saving readiness dollars. Effective materiel management and communications between the regional PV and the potentially deploying units can significantly reduce readiness costs, while maintaining a high state of materiel and assemblage availability. In addition, effective utilization of the Prime Vendor Surge clause by the units will reduce their maintenance of shelf-life materiel. PV Surge Options are not intended for use in sustainment.

Prime Vendor War Readiness Materiel (PVWRM) Options are designed to support the follow-on deployment of units by providing rapid sustainment support from Prime Vendor stocks. Once again, the strategy is to buy response vice inventory. The War Readiness Materiel (WRM) identified in the option clause has been previously identified as a requirement by the Services and subsequently placed as a requirement against the Prime Vendor as part of the peacetime Prime Vendor contract. The Prime Vendor is required to maintain 100% of the material on hand and be able to provide 24 hour ordering and inventory availability. The items that make up the requirement are mirrored in all prime vendor supported regions. This allows a deployed unit to be supported from any prime vendor inventory regardless of the location of the deployment.



During Fiscal Year 2004, all CONUS pharmaceutical PV contracts are being re-solicited to consolidate all Tricare regions into three CONUS Prime Vendor contracts. The Pharmaceutical Fleet Prime Vendor contract will continue to provide surge support for the Navy hospital ships USNS Comfort and USNS Mercy.



Medical Surgical:

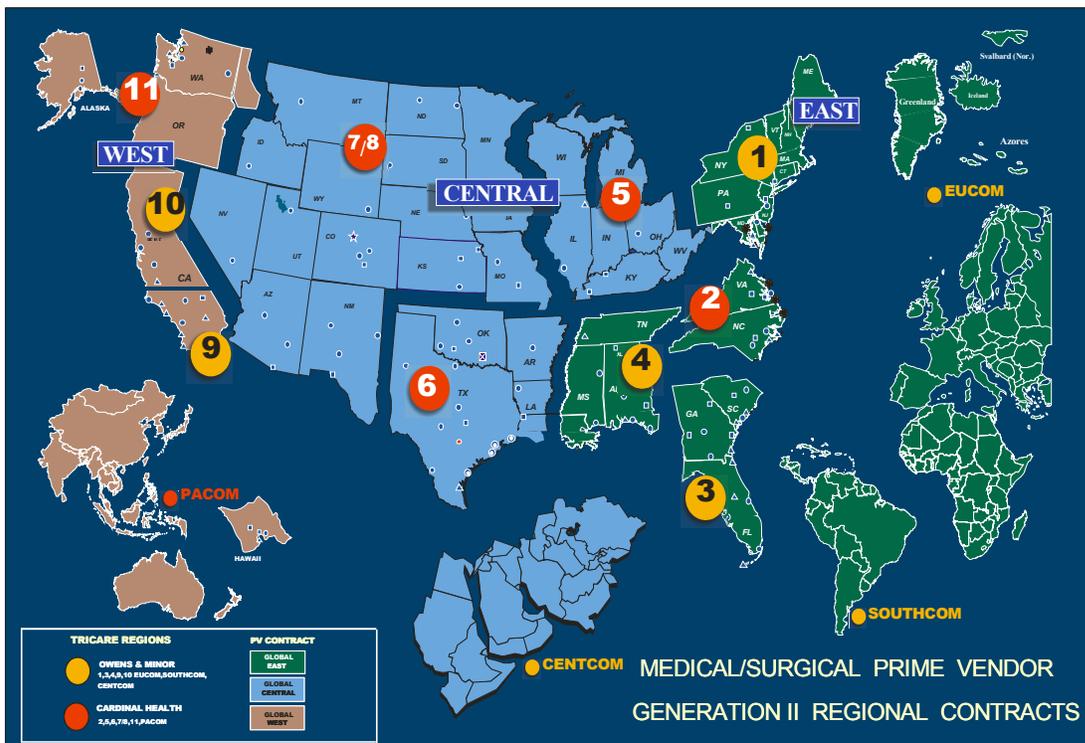
The Medical Surgical Prime Vendor program is broken down into three geographical areas; East, Central and West. Two Prime Vendor contracts were awarded to each area. Owens & Minor Inc., and Cardinal Health Inc. are the Prime Vendor contractors. There are no surge provisions in the Medical Surgical Prime Vendor contracts. All support for contingency operations is contained in the War Readiness Material (WRM) provisions of the contract. Once again, the objective is to buy access and not physical inventory. The Services have chosen Primary WRM Prime Vendors and in some cases Secondary WRM Prime Vendors. The selected WRM Prime Vendor maintains designated items in inventory within specific geographical regions to support the Services requirements. Items, amounts and geographical regions are determined by the Services according to their logistics support scenario. The WRM clause for each

contract states that the agreed to items and quantities must be available within 72 hours after receipt of routine orders, 8 hours for emergency orders in support of US Air Force Expeditionary Forces and 24 hours for urgent orders from the other Services. The Prime Vendor contractors have 14 days to replace any materiel drawdown by the Services.

The agencies responsible for the Services' medical surgical WRM Prime Vendor and Item Selection are:

- Army - United States Army Medical Materiel Agency
- Air Force - Air Force Medical Logistics Office
- Navy - Navy Medical Logistics Command
- Marine Corps – Headquarters, Marine Corps

The geographical areas are depicted in the below figure and are color coded to reflect which area is responsible for OCONUS coverage. For example the East (green) covers EUROM, JFCOM and SOUTHCOM; Central (blue) covers CENTCOM; and West (brown) covers PACOM.



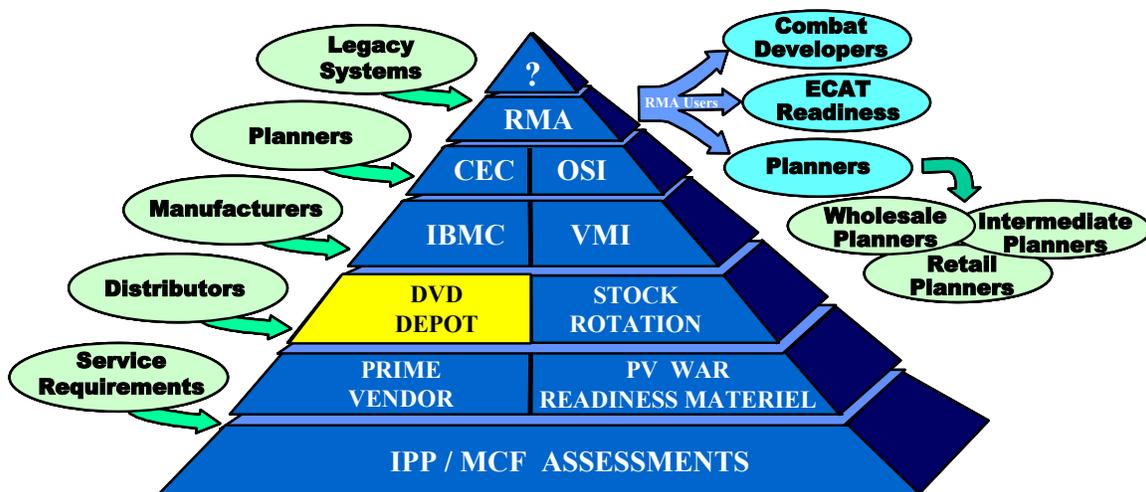


DEPOT SYSTEM



DIRECT VENDOR DELIVERY

The DLA Depot System includes the stocking and warehousing of National Stock Number line items, a Consolidated Containerization Point, and distribution linkage with commercial and military distribution channels. The Depot System remains a critical component of the medical readiness logistics support plan and provides a **vital cornerstone** in the DSCP medical logistics support concept. The depot system is a critical logistical lifeline and link to the distribution network and serves as a means for DSCP to provide overall readiness support to any customer or theater, anywhere in the world.



Since DSCP Medical began focusing on commercial distribution channels, depot operations have realized significant improvements in smoother operations and reductions in overhead. Since 1991, DSCP Medical has been able to reduce the number of stocked items by more than 80%. To date only 1,929 NSN line items remain in the depot at an inventory value of \$288.5 million (including single stock fund materiel). The vast majority of the NSN reductions have been in Pharmaceuticals.

None-the-less, the Depot System remains a key part of readiness planning in numerous areas. The depot system continues to:

- provide access to the distribution network for transportation to include theater interface
- act as a Consolidated Containerization Point (CCP)

- provide an interface with customer ADP systems (MILSTRIP compliant)
- support our medical assembly build program, from first aid kits to hospital modules



The depot system also provides storage for those pharmaceuticals, medical materiel, and equipment product lines still maintained in the depot as inventory for a variety of reasons. Examples include:

- military unique items, such as nerve agent antidote kits
- items with limited commercial rotation base, such as vaccines
- scheduled drugs and controlled substances, such as narcotics
- competitively priced items which are purchased in bulk quantities
- medical/surgical items for fleet support
- items not currently in the PV or ECAT programs, or until other support programs are on-line
- long lead items, such as stokes litters
- hazardous items, such as medical gases
- weapon system items, such as first aid kits for aircraft

Over 40% of the items still maintained in the depot inventory have a War Reserve requirement designation.



Direct Vendor Delivery

Direct Vendor Delivery (DVD) is defined as sales to customers, which do not go through the Depot System, but go directly from DSCP to the vendor with delivery direct to the customer. Although DVD procurements are normally a manual and manpower intensive system, DSCP has automated some of the processes and are continuing to reengineer and streamline where possible.

SPEDE (SAMMS Procurement by Electronic Data Exchange) is an electronic procurement tool that resources and processes customer DVD requisitions whenever the customer's requirement matches a known vendor source that is on line with DSCP. SPEDE is an Electronic Data Interchange (EDI) application used for procurement of consumable products by our medical facilities worldwide. SPEDE can electronically solicit, evaluate and award. SPEDE also has electronic invoicing. There are over 50 vendors actively on line. Procurements can be made up to \$25,000 per order.

Other methods used at DSCP to support customer requests and provide Direct Vendor Delivery support are Electronic Catalog (ECAT) and Electronic Procurement Program Initiative (EPPI). Under ECAT, customers go on-line via the WEB at <http://dmmonline.dscp.dla.mil/orderprod/orderhome.asp>. At the WEB site the customer may order products directly via a shopping cart approach. Customers may also continue to submit MILSTRIP requisitions using National Stock Numbers for products supported by the Vendor Managed Inventory contracts and Corporate Exigency Contracts, which are processed through EPPI and ECAT Readiness programs producing an EDI transaction sent to the supporting contractor.

Electronic Catalog (ECAT)



ECAT is DSCP's Internet-based ordering platform. Dating back to 1998, ECAT has evolved into an ordering tool that many DoD and Federally funded facilities have come to rely upon for ordering medical supplies. During FY03, ECAT customers processed almost 48,000 orders valued at \$74.9 million. The product groups available in ECAT are generally the types of items that are not available to our medical customers through DSCP's Prime Vendor programs. Currently, ECAT features the following Medical/Surgical product groups: Labware, Optical, Dental, and Equipment. ECAT also features a Joint Venture initiative designed to serve as a backup to the Med/Surg Prime Vendor program. In addition, DSCP plans to use ECAT for a range of new initiatives in the near future.

In order for Suppliers to participate in ECAT they must negotiate contracts with DSCP. Upon the award of their contract, the vendor provides a commercial catalog of their products to DSCP that is then placed in ECAT. In addition, customers who order products through this program must have ECAT accounts established for them. These accounts are created by the DSCP ECAT Help Desk. The Help Desk is available by phone (1-800-290-8201) or email: dscpecathelp@dscp.dla.mil. It is staffed on weekdays from 0630 to 1730 hours (Eastern Standard Time). In addition to building ECAT accounts, the Help Desk is there to answer all queries that our customers might have, from re-setting passwords to tracking deliveries.

ECAT customers have access to multiple distributors'/manufacturers' catalogs through the DSCP web site. Customers can order on-line via the web using either a government credit card or MILSTRIP (for interfund billing). ECAT also interfaces with the various DoD legacy systems. In fact, the majority of ECAT orders process from our customers' DoD legacy systems, such as DMLSS, TAMMIS and MEDLOG.

ECAT does not require the use of any special software. It is simply accessed through DSCP's web site: dmmonline.com, and by clicking on the "Order Products" Tab. Customers are able to select any product they choose from a range of suppliers. The same item is frequently available from multiple suppliers. The customer chooses the source; and no substitutions are permitted. ECAT suppliers are encouraged to provide item photos. The price indicated in ECAT is the cost to the customer; there is no additional distribution or shipping charges for routine orders. In addition, ECAT suppliers are required to ship directly to the customer's address; this also applies to OCONUS deliveries. Suppliers utilize commercial carriers for deliveries and are required to provide tracking information and proof of delivery, when requested. DSCP is responsible for paying the vendor and billing the customer.

Some of ECAT's features include an ever-improving, robust search engine. Customers identify products by using such search queries as the Supplier Part Number, Product Name, or Manufacturer Part Number. ECAT also uses re-order lists to facilitate order processing; automated status updates to the user; various customer reports. For web

orders, a gatekeeper function is adaptable to each customer's local needs. Unlike DSCP's Prime Vendor program, ECAT customers are not required to provide annual product usage levels. They simply purchase supplies from the supplier's ECAT catalog. When an order is placed, DSCP uses one of two methods to send the order to the vendor; one process involves the transmission of the order to the applicable vendors using ANSI standard EDI transaction sets (an 850 in this case). When using the EDI process, the supplier confirms the order via an EDI 855 transaction and invoices DSCP with an 810. The other method used in ECAT to transmit the order to the supplier is the Supplier Order Management (SOM) procedure. In this process, the vendor simply logs into the ECAT web site and views customers orders directed to them. The supplier also confirms and submits their invoices through SOM.

The ECAT initiative results in as close to a just-in-time support feature that the dental, optical, labware, and equipment industry allows. As such, DSCP is no longer required to maintain costly inventory of wholesale supplies for these product groups. In addition, customers have been able to practically eliminate their retail inventory levels. ECAT permits a quick and efficient procedure for customers to restock.

Each Product Group available in ECAT has contract performance requirements that were established for that program by DSCP, the military Services and our commercial-industry trading partners. Below are some of the reasons these programs evolved, as well as some of these performance requirements for each.

Labware Products in ECAT

Historically DoD facilities and research activities have had a difficult time acquiring laboratory supplies. The fact that many lab-related products require special handling, i.e., glassware, refrigeration and hazardous, made it difficult for the Services to acquire these supplies. In fact, DoD research facilities had to deal with a large number of suppliers to accommodate their needs. It was with this group of products in mind that DSCP introduced ECAT as an ordering platform. ECAT integrated the contracting, order placement, invoice payment and contract administration functions and streamlined the supply-chain process. It resulted in an industry standard "Just-In-Time" inventory approach for all laboratory supplies with sufficient surge capability to meet DoD requirements for certain planned or unplanned defense mobilization or contingency efforts.

Contracts have been awarded to the following vendors: A. Daigger & Co., Cardinal Health (formerly Allegiance Healthcare Corp.), BVA Scientific, Biopool International, District Healthcare, Fisher Scientific, GSS, Infolab, Medical Place, Remel, Sigma-Aldrich Research, Spectrum Laboratory Products, and Thomas Scientific.

For lab orders, contractors confirm orders within 24 hours after receipt of order. Delivery is within three days after receipt of order for routine transactions. There is a provision for special orders with delivery times of 15 days. Emergency orders (24-hour delivery) are also available, but the increased transportation cost is added to the price the customer will pay. Lab orders are confirmed on a fill-or-kill basis. If a vendor does

not have sufficient stock to ship an item completely, they must cancel that line. DSCP is currently experimenting with partial fills for clinical product lines and anticipates implementation of this feature in the near future. Lab suppliers deliver to CONUS sites and Hawaii and Alaska. OCONUS deliveries are permitted for USAMMCE only at this time.

Dental Products in ECAT

The Medical/Surgical Product Group of the Medical Directorate has awarded 16 contracts to a range of dental-product vendors. When a contract is awarded the supplier provides DSCP with an electronic version of their commercial catalog. When these are placed in ECAT, our customers have immediate access to them. As a result of their participation, these suppliers have instant access to every registered ECAT customer around the world and are responsible for delivering their supplies directly to these ordering facilities. There are approximately 85,000 dental items currently available through this program. Dental contracts are now in place for the following suppliers: Accurate Set, BENCO, Brasseler USA, Coltene-Whaledent, Dental Health Products, Dentsply Caulk, Dentsply Ceramco, Dentsply Trubyte, Dentsply Rinn, Dentsply Professional, Dentsply Preventive, Henry Schein Inc., Hu-Friedy Mfr, Paradise Dental, Smarthealth, and Wykle Research. DSCP continues to solicit vendor participation in ECAT.

For dental orders in ECAT, the contractor is required to provide order confirmation within 24 hours to the customer. This program allows suppliers to fill partial quantities. This means that if a vendor does not possess enough stock to deliver within the required timeframes, they may reject the balance of the ordered quantity. The balance that is rejected is canceled, not backordered. In addition, dental suppliers are required to deliver material within three days After Receipt of Order (ARO) for CONUS orders; 10 days ARO for OCONUS orders.

Optical Products in ECAT

The Medical/Surgical Products group partnered with the Naval Ophthalmic Support and Training Activity, (NOSTRA) in Yorktown, VA, in establishing a program that provides a range of consumable optical products needed for the fabrication of eyewear for DoD customers. The bulk of the 17,400 optical items in ECAT, from 13 contractors, consist of lenses, frames and gas mask inserts. NOSTRA is the Executive Agency for the Optical Fabrication Enterprise within the DoD. Optical fabrication labs are a TRI-Service, regional support function. The labs are located at both Navy and Army installations. Both Services use ECAT to order their optical supplies. One of the main benefits of ECAT within the DoD optical community is that it both standardizes and streamlines the consumable-item ordering procedures used by optical fabrication facilities. Prices identified to the customer include all total-delivered costs.

For optical orders, contractors confirm orders within 24 hours after receipt of order. Delivery to CONUS facilities is required within four days ARO; OCONUS shipments

must be delivered within eight days ARO using commercial/traceable shipping methodology. Optical orders are confirmed on a fill-or-kill basis. If a vendor does not have sufficient stock to ship an item completely, they must cancel that line.

The following vendors currently participate in the optical ECAT program: AO Sunwear, Chicago Optical, Criss Optical, Dallas Lighthouse for the Blind, Dispensers Optical, Essilor Lenses, Korrekt Optical, Opticast, Randolph Engineering, Rochester Optical, Slim 'N Lite Lenses, U.S. Safety, and Wheatley Enterprises.

Equipment Products in ECAT

The Medical Equipment Commodity Business Unit's ECAT program covers medical equipment used by medical professionals, technicians, and laboratory personnel to perform a treatment, test or operation. DSCP's current standing solicitation covers medical equipment, such as Defibrillators, Pulse Oximeters; Aspirators; Ventilators; Examination Tables/Surgical Tables; Dental Systems/Handpieces; Infusion Pumps; Suction Apparatus; Resuscitator; Patient Monitors; Electrocardiographs; Analyzers/Test Equipment; Anesthesia Apparatus; Medical Furniture; Hospital Beds/Chairs/Stretchers; Laboratory Analyzers; Small Portable Ultrasound(s); Litters; Lasers; Dental X-Ray. In addition, the solicitation allows for maintenance of medical equipment (with or without the equipment), and/or spare parts/repair parts of medical equipment (with or without the equipment). Along with these items, the following can also be offered: Classroom training, repair parts, maintenance of the item(s) and installation when applicable, all consumable and nonconsumable items used in conjunction with any and all medical equipment.

ECAT allows our customer to view a wide-range of products at their fingertips. It enables customers to place orders electronically and to receive acknowledgement, which confirms orders at the line item level within 24 hours (72 hours for long lead items). Our current standing solicitation is attracting a wide-variety of medical equipment vendors interested in getting their products available on ECAT. Contracts are for a five-year period. We now offer products and product lines from over 37 suppliers. To date the following Companies have active contracts for medical equipment items, maintenance of medical equipment, spare parts/repair parts of medical equipment, including consumable and nonconsumable items used in conjunction with the medical equipment, on ECAT:

ABAXIS, Arizona Industries for the Blind, Allied Health Care Products Inc., Artromick International Inc., Aseptico International, B. Braun Medical Inc., Canadian Commercial Corp., Allegiance (Cardinal Health 200, Inc.), Chattanooga Medical Supply, Criticare Systems Inc., Draeger Medical, Emergency Filtration Products, FedMedical Inc., Ferno-Washington Inc., Fujifilm Medical Systems, GE Medical Systems Inc., GEMS Information Technology, GE Medical Systems, Getinge/Castle Inc., I. Miller Precision Optical Instruments, Infusion Dynamics Inc., KaVo America Corporation, Kodak, Medical Research Laboratories,

Medstone International Inc., Midwest Dental, MinXray Inc., Agilent Technologies/Philips Electronics, Reel Research and Development Inc., Star Dental, Stryker Howmedica Osteonics, Spacelabs Medical, Inc., TYCO Healthcare, Universal Home Health & Industrial Supplies Inc., Vail Products Inc., Welch Allyn Protocol, and Zoll Medical

Aseptico Military Field Dental System



Medical/Surgical Products in ECAT

Our latest ECAT Program "Med/Surg Joint Venture" contract with Alliance Joint Venture, Inc. has been added to the ECAT Platform and is available to DoD and Federally Funded Non-DoD Customers. We have implemented this initiative to complement the current DSCP Med/Surg Generation II Prime Vendor Program. This is a secondary tool for supplies not available through your Prime Vendor including low demand and contingency items. Currently the catalog has over 21,000 products available to both CONUS and OCONUS customers.

Joint Venture (JV) highlights:

- Contract Base Period is 3 years with two 1 year Option Periods.
- The unit price is FOB Destination – the price displayed in ECAT includes transportation costs for delivery to the purchasing activity or consignee.
- Orders are Fill or Kill – if the vendor cannot fill a line on the order, the line will be killed. However, if the vendor can partially fill a line, it shall do so and kill the remaining quantity. Backorders are not permitted in this program.

- The vendor shall accept orders 24 hours per day. Order Confirmations at the line item level will be transmitted within 24 hours of order receipt. The status will indicate at the line item level if the item has been filled, killed or partially filled with the balance of the partial filled line item killed.
- Minimum Order dollar amounts are CONUS \$100.00 and OCONUS \$250.00
- Delivery Requirements:
 - General Product Items CONUS – within 72 hours of Order Confirmation
 - General Product Items OCONUS – within 10 Calendar Days of Order Confirmation
 - Special Order CONUS – within 15 Days of Order Confirmation
 - Special Order OCONUS – within 22 Days of Order Confirmation
- Emergency Orders – acknowledgement will be made within 2 hours of receipt of order and delivered within 24 hours of Order. Customers are responsible for the extra charges for transportation and these will be negotiated between the customer and the vendor.

Electronic Procurement Program Initiative (EPPI)

DSCP is modernizing how it processes information, especially in the area of reducing requisition-processing times. The Electronic Procurement Program Initiative (EPPI) is a program under the Immediate Customer Support (ICS) Business Process Improvement (BPI) to replace current SAMMS batch processing with an on-line interactive business process relating to satisfying a requisition in real-time. EPPI improves logistic response times and reduces costs by utilizing industry capabilities such as EC/EDI and electronic price lists to generate and issue delivery orders. EPPI improves supply availability by using long term contracts, especially in the area of issuing immediate delivery orders for Direct Vendor Delivery, thereby reducing lead times. Today routine pharmaceutical MILSTRIP requisitions for NSNs that are resident in the pharmaceutical VMI program are processed to Cardinal Health (formerly Bindley Western) using EPPI. In the future, medical surgical high priority MILSTRIP requisitions for NSNs that are resident in the medical surgical VMI program will be processed to Cardinal Health (formerly Allegiance Healthcare) using EPPI. EPPI provides immediate processing of requisitions by utilizing on-line funds management, technical data checks and real-time procurement processing. This in turn reduces the investment in inventory by decreasing the number of items and storage locations and increasing the reliance on DVD.

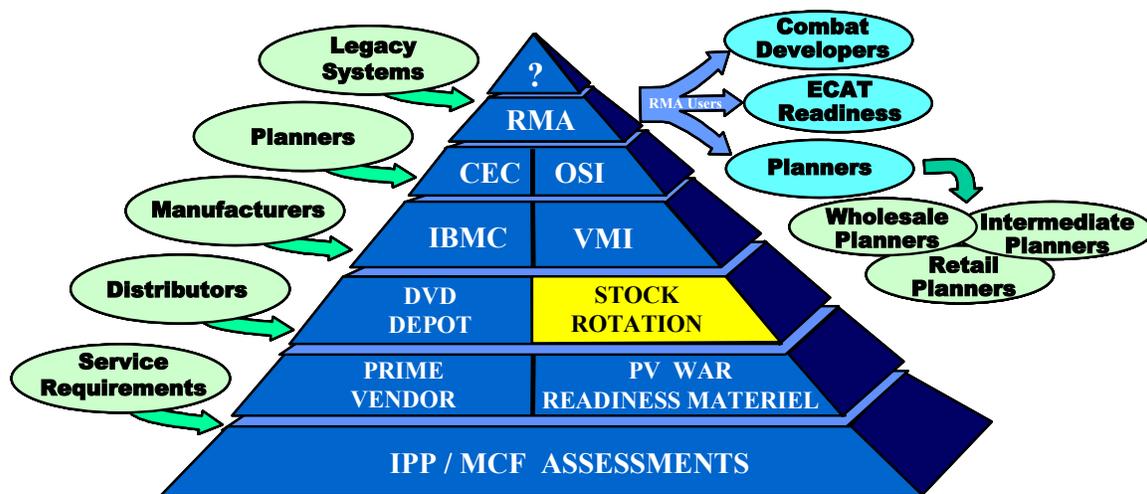
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STOCK ROTATION



The Stock Rotation program is another effective tool in the readiness arsenal used to cover shortages of critical line items. In this building block program, DSCP Medical **purchases materiel from a manufacturer**, which is then stored at the manufacturers' facility and **rotated with their commercial customer base**. These contracts are usually established as long-term agreements with the manufacturers, 10 years. The rotation of the DSCP and Services owned materiel ensures freshness and maximum shelf life when and if the materiel is required to support a customer. The Medical Directorate utilizes Defense Logistics Agency provided Warstopper funds to procure the materiel and Medical Stock Fund dollars to pay the rotational fees charged by the manufacturer. Although most of our current contracts have utilized DLA provided funds for the materiel purchases, there is no restriction in the program to preclude using Services' funds. As of the end of FY03, DLA and the Services have invested over \$13 million in this program, which covers over 40 line items. Traditionally, stock rotation contracts were only awarded to manufacturers. In FY 97 DSCP awarded two pharmaceutical items to a distributor, Bindley Western Industries, to increase DSCP coverage on Diazepam and Heparin Injections. Awarding stock rotation contracts to distributors generally happens only when the manufacturer will not enter into a long-term contract directly with DSCP.



The purpose of the stock rotation program is to provide critical mobilization items to the Services for re-supply and sustainment support. The Stock Rotation program is not intended to support surge requirements. It is a program that, along with other initiatives, works to bridge the gap between the depletion of surge stock and the ramp up of the industrial base.

The current Stock Rotation program involves developing a contractual arrangement with a manufacturer or distributor whereby the Government purchases a quantity of materiel which is stored and rotated at the contractor's facility for use by the Government in support of contingency operations. Under the stock rotation concept, the contractor maintains the contractual level of inventory, which is rotated with the manufacturer's commercial materiel to maintain guaranteed freshness and viability at all times. This program decreases obsolescence of materiel and reduces the Government's disposal and repurchases costs. As stated before, distributors who have the rotational capability for an item are also being considered for participation in the program.

The term of the contracts is normally for ten years. Each has a five-year base period with an option for an additional five years. Storage/rotation fees are paid on a yearly basis. The following items are presently under contract:

NSN under Contract	ITEM	CONTRACTOR	Replaced NSN
6505-00-117-6450	Chloroquine	SANOFI	
6505-00-117-9171	Thiopental Inj	ABBOTT LABS	6505-01-003-5343
6505-01-514-5731	Diazepam Inj	BAXTER	6505-00-375-8955
6505-00-680-7352	Promethazine	BAXTER	
6505-00-783-7218	Diazepam Tabs	WATSON PHARM	
6505-00-812-2596	Morphine Inj	BAXTER	
6505-00-963-5355	Dexamethasone	AMERICAN PHARMACEUTICAL PARTNERS, INC	
6505-01-010-0832	Cefazolin	WATSON PHARM	
6505-01-010-4170	Fentanyl Inj	AKORN INC.	
6505-01-041-0558	Thiopental Inj	ABBOTT LABS	
6505-01-091-6063	Rabies Vaccine	AVENTIS PASTEUR	
6505-01-125-3253	Mannitol Inj	AMERICAN PHARMACEUTICAL PARTNERS, INC	
6505-01-159-1493	Fluorescein Strips	BAXTER	
6505-01-182-8651	Lidocaine Inj	ASTRA ZENECA	
6505-01-187-5540	Clindamycin Inj	PHARMACIA	
6505-01-205-2393	Phenobarbital	BAXTER	6505-01-812-2556
6505-01-213-9514	Gentamycin Inj	AMERICAN PHARMACEUTICAL PARTNERS, INC	
6505-01-219-2760	Ceptriaxone Inj	ROCHE LABS	
6505-01-281-1247	Hetastarch	B. BRAUN MEDICAL	

NSN under Contract	ITEM	CONTRACTOR	Replaced NSN
6505-01-315-1275	Mefloquine	ROCHE LABS	
6505-01-330-6252	Dextrose 5% Inj	B. BRAUN MEDICAL	
6505-01-330-6254	Dextrose 5% Inj	B. BRAUN MEDICAL	
6505-01-330-6255	Dextrose Inj 50%	B. BRAUN MEDICAL	
6505-01-330-6266	Ringers Inj	B. BRAUN MEDICAL	
6505-01-330-6267	Ringer's Inj	B. BRAUN MEDICAL	
6505-01-330-6269	Sodium Chl .9%	B. BRAUN MEDICAL	
6505-01-330-8918	Dextrose Inj, 5%	B. BRAUN MEDICAL	
6505-01-330-8924	Sodium Chl Inj, .9%	B. BRAUN MEDICAL	
6505-01-330-8925	Sodium Chl Inj, .9%	B. BRAUN MEDICAL	
6505-01-330-8926	Sodium Chl Irr .9%	B. BRAUN MEDICAL	
6505-01-330-8932	Water for Irrigation	B. BRAUN MEDICAL	
6505-01-331-8941	Dextrose 5% Inj	B. BRAUN MEDICAL	
6505-01-331-8945	Sodium Chl Inj	B. BRAUN MEDICAL	
6505-01-335-9390	Fentanyl Trans	J&J	
6505-01-348-2465	Primaquine	SANOFI	
6505-01-386-9046	Sterile Water for Inj	B. BRAUN MEDICAL	
6505-01-483-0103	Meperidine Inj	BAXTER	6505-00-855-6984
6505-01-483-0274	Morphine Inj	BAXTER	6505-00-149-0113
6515-01-330-6220	Secondary Adm Set	B. BRAUN MEDICAL	
6515-01-386-8795	Primary Adm Set	B. BRAUN MEDICAL	

Each year, DLA programs a nominal amount of money dedicated to support the DSCP readiness programs. Using the Industrial Preparedness Planning and the Medical Contingency File program as the basis for item selection, DSCP chooses an array of candidate items with a “red” rating, which indicates that there is a major shortfall in providing coverage to Services’ requirements. The candidate items are selected by DSCP on the basis of criticality, non-availability (or not available in the quantity or time frame needed), rotatability and Service prioritization. After contract award, DSCP and the Services’ own the materiel and has the responsibility of determining when and where the materiel will be shipped. This function is accomplished through close coordination with the Services to ensure proper distribution of materiel and maximum requirement coverage.

During Operation Enduring Freedom and Iraqi Freedom, DSCP completely drew down the quantity under existing contracts for Ciprofloxin and Ampicillin. Partial draw-downs were made for the following items: Mefloquine, Primaquine, Dexamethasone, Mannitol, Clindamycin, Gentamycin, Flouresein Strips, and various IV solutions.

Today, the traditional stock rotation contract philosophy (one line item on each contract without much flexibility) is giving way to the new stock rotation concepts as defined in the Corporate Exigency Contracts (CEC) program and Vendor Managed Inventory (VMI) program, to find out more about those programs read those chapters in this booklet. The CEC and VMI programs maintain the same logical concept of purchasing materiel and having the contractor rotate for freshness. However, the CEC and VMI programs also allow for multiple line item coverage on a single contract as well as the

flexibility to change items during the contract period as dictated by market trends. The benefit to doing this is to ensure that only the most up to date commercially acceptable items are under contract. Note: As will be explained in greater detail later in the booklet, the main thrust of the CEC and VMI programs is to purchase access to inventory and not to purchase inventory, but the capability for stock rotation is built into the programs to take advantage of their versatility.

As stated previously, in FY97 the Army funded and contracted through DSCP several Army specific Stock Rotation contracts, including Intravenous (IV) solutions and IV administration sets as well as controlled substance items. This is the first time any of the Services have purchased their own materiel coverage using this program.





INDUSTRIAL BASE MAINTENANCE CONTRACTS

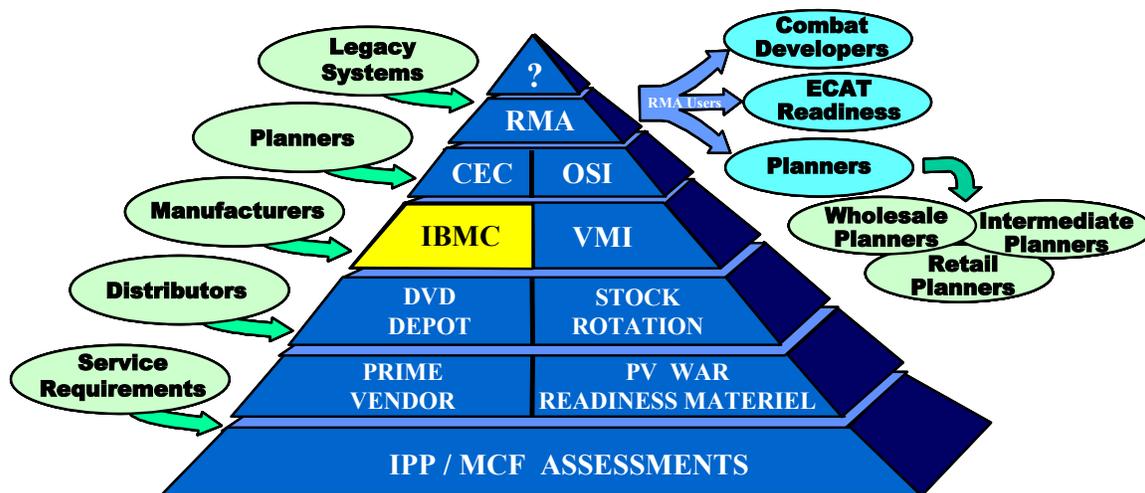
IBMC Program



What is an Industrial Base Maintenance Contract (IBMC)?

An industrial base maintenance contract (IBMC) is a contracting vehicle that ensures a manufacturing capability is maintained to meet the military Services' wartime requirements for critical and time-sensitive items. At present, DSCP has an IBMC in place for Nerve Agent Antidote Auto-injectors (NAAA). DSCP also has in place an "IBMC-like" contract with Elwyn, Inc. for camouflage dressings and muslin bandages. A short discussion of the contract with Elwyn is provided at the end of this chapter.

Why an IBMC for NAAA? In Report Number 102-311, the Conference Report that accompanied the National Defense Authorization Act for Fiscal Years 1992 and 1993 (H.R. 2100), Congress initially identified NAAA as examples of a warstopper item. NAAA include the Antidote Treatment Nerve Agent Autoinjector (ATNAA), Mark 1, Atropine, Pralidoxime (2-Pam) and Diazepam (CANA) autoinjectors. NAAA are military unique medical items designed for the rapid self-administration of life-saving medicine during a nerve agent attack.



DSCP has purchased NAAA since 1959. During the period 1959 to 1991, NAAA were maintained in the depot and orders were typically filled from depot stock. DSCP then reordered from the manufacturer. It normally took six months for the manufacturer to fill

the requisition. During the period prior to 1990, NAAA requisitions placed on the depot were small and, normally, not time sensitive. All this changed during the first Persian Gulf War. Iraq threatened U.S. forces with nerve agents and the Services' requirements increased exponentially. DSCP requisitioned several million NAAA to support the war effort. Fortunately, the build-up phase of the war allowed time to acquire the needed NAAA. In future wars, it was anticipated that we may not be as fortunate.



DSCP entered into an NAAA IBMC 1992. Similar multi-year contracts were also awarded in 1995, 1999, and 2002. The NAAA IBMC is necessary because the worldwide NAAA production capability is very limited. The following are some of the factors that limit production:

- Low peacetime demand will not support more production facilities.
- Peacetime production without an IBMC would take several months for the first auto-injector.
- Peacetime demand is not only low but also sporadic. There can be wild swings in demand from year-to-year.
- Peacetime demand is insufficient to support an infrastructure capable of meeting contingency requirements.
- The cost to build a NAAA manufacturing plant is very high.
- There are stringent drug and regulatory certification requirements for NAAA product, process, and facilities.

The IBMC ensures that there will be a warm production base able to surge products to meet the balance of the Services' major war NAAA requirements. The Services reap valuable benefits from the IBMC as they are able to minimize peacetime procurement, transportation, storage, handling, and disposal costs.

During Operation Enduring Freedom and Iraqi Freedom, DSCP placed orders for approximately 4.8 million individual auto-injectors for approximately \$25 million in support of the services' requirements. In addition, DSCP supports all Homeland Defense requirements for auto-injectors through the IBMC.

The IBMC requires that the contractor hire and train a capable workforce and operate sufficient facilities to meet the balance of the Services' major war surge requirements (as specified in the Joint Service Chemical Defense Equipment Consumption Rates Study, also known as the JCHEMRATES Study). Some of the other more significant aspects of the NAAA IBMC include provisions that the contractor:

- Preposition and rotate enough components to satisfy the Services' major war requirement.
- Store and manage materiel placed into the Shelf Life Extension Program (SLEP). Currently, the Army has an option to return expiring NAAA to the contractor for storage. The FDA tests samples from each lot number for potency. If the shelf life can be extended, the contractor will inventory and store SLEP items for future distribution. If needed for contingencies, SLEP materiel will be relabeled and shipped as directed by the Army. All Services have the option to participate in the SLEP program.

In summary, the NAAA IBMC provides a capability to surge produce nerve agent antidote auto-injectors. As a result, the Services can reduce their inventory of NAAA. However, the Services must continue to have on-hand sufficient inventory of NAAA to outfit their earliest deployers.

Contract with Elwyn, Inc. for Bandages and Dressings

As noted above in the first paragraph, DSCP has negotiated an “IBMC-like” contract with Elwyn, Inc. for thirteen dressings and bandages. The Services have mobilization requirements for the dressings and bandages; but, since unavailability of these items would not halt prosecution of the war, we at DSCP do not categorize our contract with Elwyn as an IBMC. However, our contract with Elwyn is similar to an IBMC in that it ensures a manufacturing capability is maintained to meet the Services’ wartime requirements for critical items.

Elwyn, Inc., a NIB/NISH organization, produces thirteen bandages and dressings for DoD. Historically, demand for these items during contingencies far exceeded peacetime capacity. To remedy this shortfall, DSCP used Warstopper funds to purchase long-lead-time raw materials and production equipment for two of the most popular items: camouflaged field dressings and muslin bandages. The availability of the raw material, which is stored and rotated at the Elwyn facility, and the readily available equipment enables Elwyn to significantly reduce the production lead time and ship finished bandages and dressings almost immediately. Prior to the contract, the first bandages and dressings did not come off the production line for months.



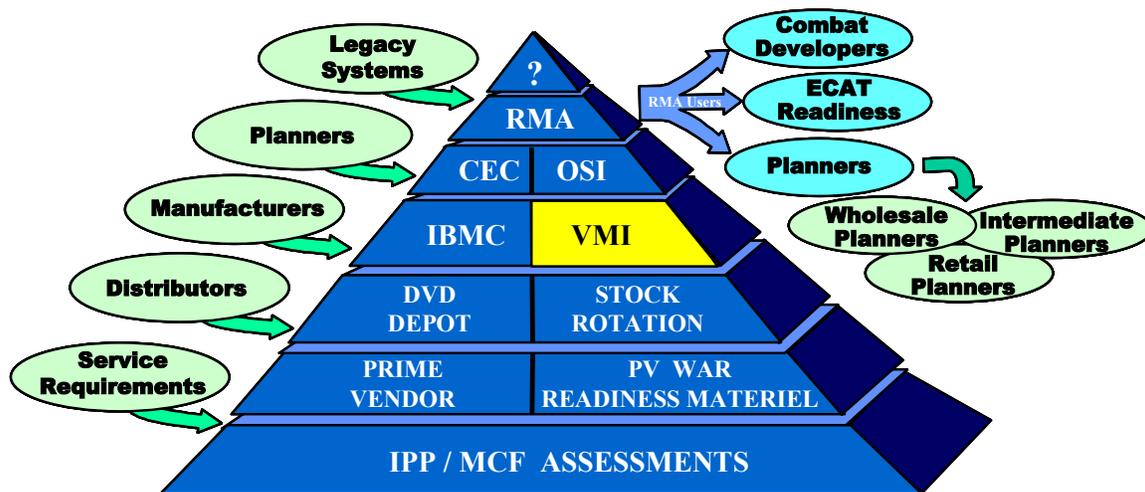
Camouflage Bandages



VENDOR MANAGED INVENTORY VMI Program



The Vendor Managed Inventory (VMI) initiative focuses on **partnering** with the healthcare industry's distributors in providing inventory management, and guaranteed availability for shelf life medical readiness items. Today, we have a VMI contract covering pharmaceutical and medical surgical items. These three contracts are long-term partnerships with distributors; the pharmaceutical contractor is Cardinal Health (formerly Bindley Western Industries), the medical surgical contractor is Cardinal Health (formerly Allegiance Healthcare Corporation), and Parker Products Incorporated. The latest VMI contractor, Parker Products Incorporated provides pharmaceutical and medical surgical Over-The-Counter product support. The Pharmaceutical VMI program uses **peacetime sales** dollars and underwriting distributors' safety level expenses as leverage against the distributor's commercial inventory/sales volume to provide guaranteed coverage to support Services' readiness requirements. DSCP Medical also processes urgent customer requirements that match items already in resident in the Medical Surgical VMI program to help underwrite inventory levels at the distributors. The purpose of the VMI program is to have **guaranteed access** to shelf-life materiel to ensure materiel availability for early deploying units.



The VMI program also plays an integral part in DSCP's readiness plan in providing surge and sustainment materiel until the industrial base gears up. By partnering with the distributor, we are guaranteed availability of inventory without making the investment in purchasing materiel. The guaranteed coverage inventory is rotated with the Distributor's commercial sales base. In some instances your MILSTRIP requisitions

that match a VMI NSN item, are routed to the Pharmaceutical or Medical Surgical VMI contractors, Cardinal (Bindley Western Industries or Allegiance Healthcare Corporation) and Parker Products Inc., to fill. In addition, Medical Assembly Program materiel orders that match an NSN covered by the VMI program are also routed to these contractors to fill the requirement. In both instances the government sales help expand Cardinal Health and Parker Product Incorporation commercial rotation base and readiness coverage capability.

DSCP Medical, the United States Army Medical Materiel Agency (USAMMA), Air Force Medical Logistics Office (AFMLO) and the Marine Corps have invested in the VMI programs. The Pharmaceutical VMI distributor, Cardinal Health is presently managing over \$22.4 million of pharmaceutical inventory under this program providing coverage on 977 NSN line items. Cardinal (Allegiance) is providing access to \$3.2 million of medical surgical inventory covering 307 NSN product lines. Parker Product Incorporation is providing inventory coverage for 13 NSN line items presently valued at \$290,000.

The Pharmaceutical and Medical Surgical VMI contracts are comprised of three components. First is Service-owned inventory or Government Purchased Materiel (GPM) for which the vendor is paid the price of the materiel plus an annual inventory management fee to guarantee inventory rotation. The second component provides access to Contractor Inventory Materiel (CIM) (not government purchased) that is maintained and rotated within the contractor's normal commercial business base inventory levels. The contractor is paid only an inventory management fee for this guaranteed access. The third and final component provides access to Contractor Furnished Materiel (CFM) for which the contractor has increased their inventory levels to meet the government requirements. This final component carries an inventory holding fee plus an inventory management fee to guarantee inventory availability, materiel freshness and maximum stock rotation. The additional inventory holding fee for CFM covers the cost of money or capital investment by the contractor to increase inventories.

Partnering with industry has enabled DSCP and the Services to leverage DoD funds by minimizing up-front stock investments to meet requirements. Every dollar invested in today's Pharmaceutical and Medical Surgical VMI program provides approximately \$7.54 of inventory access for every \$1 invested. In addition, by paying only the costs associated with increases in contractor inventory necessary to guarantee future access, Service funds are not expended for the purchase of materiel until it is actually needed. Rotation of materiel is accomplished through the vendor's customer base, which includes DSCP's Medical Assembly Program and Direct Vendor Delivery Program.

Another added benefit to our customers is that this program substantially reduces the overall DoD disposal costs associated with maintaining an inventory of shelf-life materiel, which ultimately expires at the retail and wholesale levels.

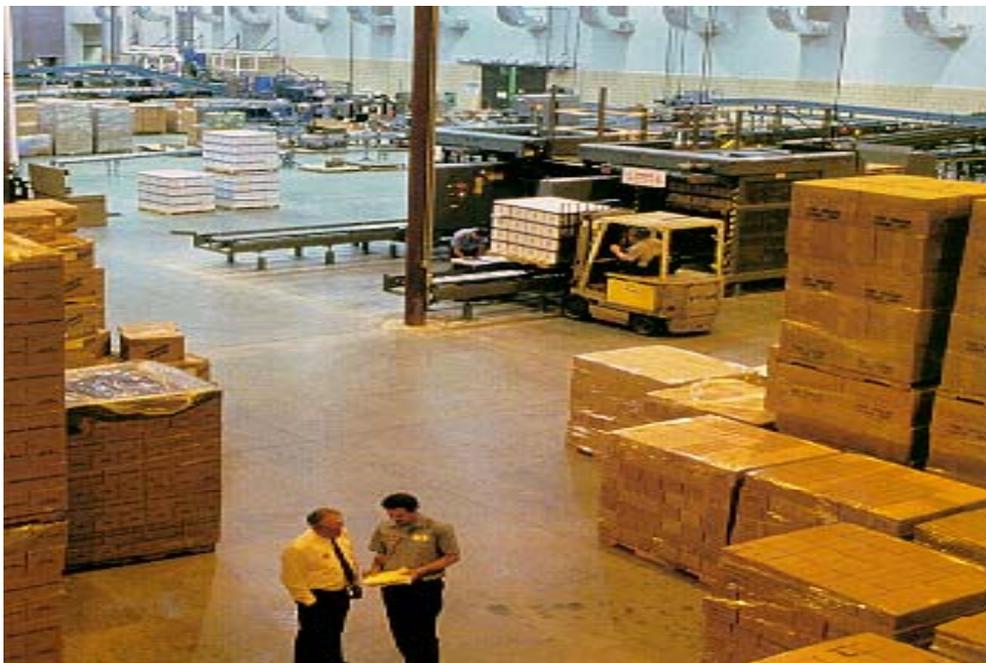
The flexibility built into the VMI contract allows for items to be added or deleted and quantities to be changed at any time. As technology and the products-of-choice

change, the contract can be modified to change the range and depth of line item coverage so that the invested dollars are always being applied to the latest items and not being lost on obsolete items. Management of the VMI contract by DSCP, the Services and the contractors has the “virtual effect” of maximizing the usefulness of all our readiness dollars. Active participation by all account holders coupled with the flexibility of the contract and the contractors’ willingness to cooperate and partner with the Department of Defense provides an enormous readiness capability to our plan.

Over the years the Pharmaceutical and Medical Surgical VMI contracts have successfully supported several military operations to include, Hurricane Mitch Relief to Honduras and El Salvador, Desert Fox, Ulchi Focus Lens, Humanitarian Aid to Central America, Kuwait Brigade Set pre-positioning, and Operation Enduring Freedom. Some of the units that were supported by the VMI contractor included Combat Support Hospitals, Forward Surgical Teams, and Area Support Medical Battalion.

Though the Medical Surgical VMI contract is not intended to support routine peacetime requisitioning, this contract is being exercised and tested throughout DSCP Medical support to Operation Enduring Freedom. Today, the process to access these contracts is through DSCP Medical Electronic Catalog (ECAT) Readiness.

DSCP intends to use these contracts to support sustainment until the industrial base gears up. Future VMI contracts are planned for laboratory, dental and optical products.



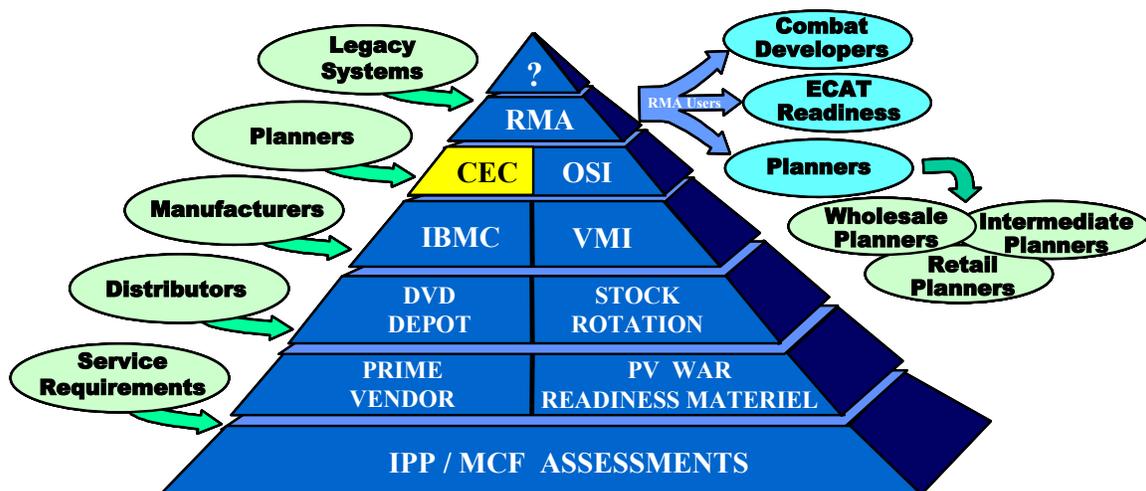
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CORPORATE EXIGENCY CONTRACTS CEC Program



The Corporate Exigency Contracts (CEC) program establishes long term **partnerships with manufacturers** and “unique product” **distributors** such as dental to provide **sustainment** materiel to meet the Services’ requirements in times of conflict or military need. The intent is to **buy access** to materiel by partnering with industry, vice purchasing materiel for depot warehousing. To maximize overall access and coverage, the CEC concept calls for making **multiple contract awards** in the same product line or product group. CEC thereby ensures the industrial base is prepared to respond to the Military Services’ increased demands in support of contingency operations prior to production ramp up by the manufacturers. In addition, these contracts will serve as a process for the industrial base to respond more effectively and rapidly in the execution of filling Service requirements since the mechanism for placing procurements will already be in place and tested. These contracts will also enhance the IPP and MCF process by establishing a long-term relationship to share the Services’ requirements with the manufacturers and in exchange obtaining their support capabilities against these items. However, unlike the IPP and MCF process, the CEC information from the manufacturers is verifiable and the negotiated coverage is contractual vice voluntary. **CEC is an insurance policy** to contractually ensure materiel is available for access and thereby maintain a high degree of medical readiness for a contingency. There are no anticipated peacetime sales through the CEC Program.



The first CEC was awarded to J&J Health Care Systems, Ethicon Division on August 27, 1998. The contract provided \$9.2M in coverage spread over 324 suture lines. As of the end of FY03, there are 31 CEC contracts (20 medical surgical, 7 pharmaceutical, 1 laboratory, 3 equipment) in place with guaranteed contractual access to over \$160 million of medical materiel providing support to 6856 NSN items.



CEC is a dynamic building block in the overall scheme of building readiness. Aimed at manufacturers but with some “unique product” distributors participating, the CEC program is intended to provide access to medical materiel to meet known Service requirements and access to information regarding the manufacturer’s total product line to meet unknown and unplanned Service requirements. In addition, CEC will provide accurate and timely Medical Commercial Product Visibility (MCPV) data, such as production or sales information. The MCPV data will allow DSCP a means to readily assess industrial supportability of an item. On the flipside, these contracts give DSCP the ability to know where and what assets are available and therefore which items **are supportable**. As previously stated, the CEC contracts are structured to allow for the expeditious processing of orders without contractual or planned producer delay since the basic contract for access and delivery will already be in place. Through the Readiness ECAT execution tool, orders can be executed with no procurement lead-time and delivered within days or hours.

By partnering with industry, DSCP Medical intends to not only obtain guaranteed access to inventory for planned readiness items but also to obtain the manufacturers’ recommendations for additional product lines that are the current products of choice in the commercial marketplace and that industry believes may have readiness implications. This information will also be used as an early warning to determine item obsolescence or when item use is commercially decreasing, indicating potential supportability problems in the future.

One of the strongest aspects of the CEC program is the line item coverage flexibility being built into the contracts. As technology and the products-of-choice change, the contract can be modified to change the range and depth of line item coverage so that the invested dollars are always being applied to the latest technological items and not being lost on obsolete items. This feature of the CEC also helps to facilitate the management of scarce readiness dollars through the reallocation of invested resources. CEC contracts will additionally facilitate the management of readiness dollars by maximizing the access to inventory vice the purchase of inventory for sustainment support. The readiness contracts also require the rotation of product to ensure the

materiel in the program have the longest shelf life. Readiness dollar savings are tremendous when the management fee for access and rotation is compared to the costs of purchasing, warehousing, disposing of and repurchasing shelf-life material for readiness.

As in the VMI Program, there are three major categories of materiel comprising the total CEC contractual coverage and access. The categorization of materiel support is performed by line item (NSN) and may be different for each contract depending on the coverage offered by the contractor. The first category is **Contractor Inventory Material (CIM)**. With CIM there are no anticipated support problems. The government's requirements can be supported from the contractor's commercial base. Guaranteed coverage and access is provided at minimal risk from the contractor's safety stock or commercial production base. The contractor normally provides guaranteed access for CIM items at no cost to the government or a nominal management fee. The second category is **Contractor Furnished Material (CFM)**. CFM is pursued when the contractor's current commercial business levels do not support the government's requirements. The investment in CFM is only considered after maximizing CIM availability. To guarantee rotation and access at the desired government level, the contractor's inventory base, normally safety stock levels are increased to the Government's requested levels. A holding fee to compensate for the investment in increased inventory levels, in addition to an inventory management fee, is expected. The third category of materiel coverage is **Government Purchased Material (GPM)**. GPM is similar to DSCP's current Stock Rotation program. The GPM is materiel the Government elects to purchase and normally exceeds what the contractor can or desires to hold within their commercial safety stock and inventory levels. The contractor will store and rotate the Government owned material throughout the duration of the contract to ensure fresh stock. GPM may be co-located with the contractor's commercial materiel. An inventory management fee is expected.

While the Medical Surgical, Laboratory, and Pharmaceutical CECs provide for access to materiel which is on the shelf as an end item, the Equipment CEC contracts are aimed at the medical equipment manufacturers' industrial base to develop a contractual relationship which will enable DSCP to defer the procurement of known Services' medical equipment shortfalls which results in a marked decrease of the production lead time when executed. DSCP enters into a partnership with the equipment manufacturer whereby the government invests Warstopper funds to ensure availability of end items of equipment to meet the delivery schedules determined by the Services. This is accomplished by investing in inventory of raw material, components and sub-assemblies to meet the production schedule and providing management fees to ensure proper oversight of the program. The contractors are required to maintain the quantity and quality of all logistical elements to meet production requirements. Equipment CEC contracts also provide for the timely management of obsolescence within the medical equipment arena. Inventories managed, as well as other pre-positioned logistical elements, will be reviewed in light of any change to the preferred model of the equipment being supported by the contract. The contractor is required to maintain technical freshness of any inventory being held to support the production effort. DoD

approval is required prior to any major modification of the equipment supported under an Equipment CEC.

Candidates for Equipment CECs are determined by the Services. The initial direction provided by the Services was to provide support to their Patient Movement Item (PMI) program. The PMI program consists of six air certified pieces of medical equipment necessary to evacuation patients from a war zone. Those items are: (1) Suction Apparatus; (2) IV Infusion PUMP; (3) Transport Ventilator; (4) Vital Signs Monitor; (5) Pulse Oximeter and (6) Defibrillator. The first Equipment CEC for the Suction Apparatus was awarded in FY01; subsequent awards for the IV Infusion Pump and Transport Ventilator were made in FY 02. The current plan is to complete contracts for the remaining PMI by the end of FY 05. Preliminary lists of medical equipment candidates are being developed by the Services that will be addressed in future POMs for Warstopper funding.



As previously stated, DSCP Medical has awarded 31 contracts under the CEC program. The following manufacturers and distributors are partners in providing medical readiness support to the Services. They are all listed below:

MANUFACTURER / DISTRIBUTOR	
Medical Surgical and Laboratory:	Pharmaceutical:
J&J Ethicon, Inc.	Alcon Laboratories, Inc
J&J Ortho Clinical Dignostics, Inc.	Bayer Pharmaceuticals
J&J Codman & Shurtleff, Inc.	Bayer Biological Div.
J&J Endo-Surgery, LP	Bayer Diagnostics Div.
Medline Industries, Inc.	Bayer Healthcare LLC
Alcon Laboratories, Inc	Roche Laboratories, Inc.
Cardinal Health (formerly Allegiance)	Baxter Healthcare
3M Health Care	Pfizer Pharmaceutical, Inc.
Phoenix Textile Corporation	IVAX Pharmaceutical, Inc.
C. R. Bard, Inc.	Ortho McNeil Pharmaceutical, Inc.
United States Surgical	Janssen Pharmaceutical, Inc.
Becton Dickinson & Company	Ortho Neutrogena
Abbott Laboratories (i-STAT)	
J&J DePuy Ace	
Zimmer US, Inc.	Equipment:
Benco Dental	Impact Instrumentation
Dental Health Products, Inc.	Alaris Medical Systems
3M ESPE Dental Products	
Dentsply International, Inc.	
Bausch & Lomb, Inc.	
Abaxis, Inc.	

Notes: The Bayer contract Includes 4 divisions as stated above
 The Ortho McNeil contract also includes Janssen
 There are two Impact Instrumentation Equipment Contracts

Since the CEC Program is an insurance policy, the Return On Investment (ROI) is an indicator of the amount of materiel the government has access to for each dollar of investment vice a dollar savings. In general, the government receives a ROI of approximately 14 to 1 for the current contracts; i.e. for each dollar invested, DoD receives guaranteed access to approximately \$14.00 in materiel.

For the 31 contracts in place as of the end of FY03, there is an average of a 5.99% holding fee for the Contracted Furnished Materiel and an average 5-7% inventory management fee for CFM and Government Purchased Materiel (GPM). There is normally no fee for guaranteed access to the Contractor Inventory Materiel (CIM) on hand.

The long term industry partnerships being formed by the CEC program and the flexibility of the CEC contracts to modify range and depth of coverage greatly enhances the Medical Directorate's ability to support the war fighting efforts. As a result of this initiative there are numerous other manufacturers expressing an interest in the CEC concept to increase the overall coverage of medical materiel. New solicitations are being developed to continue DSCP Medical's pursuit in obtaining additional readiness coverage.

During the Iraqi War, the readiness program contingency contracts were utilized and proved the concept and execution to be very effective.

Services' organizations that have authorized access to these contracts in support of military operations may access these contracts through DSCP Medical Electronic Catalog (ECAT) Readiness. See chapter on "DSCP Medical Initiatives" for further details on accessing ECAT Readiness.



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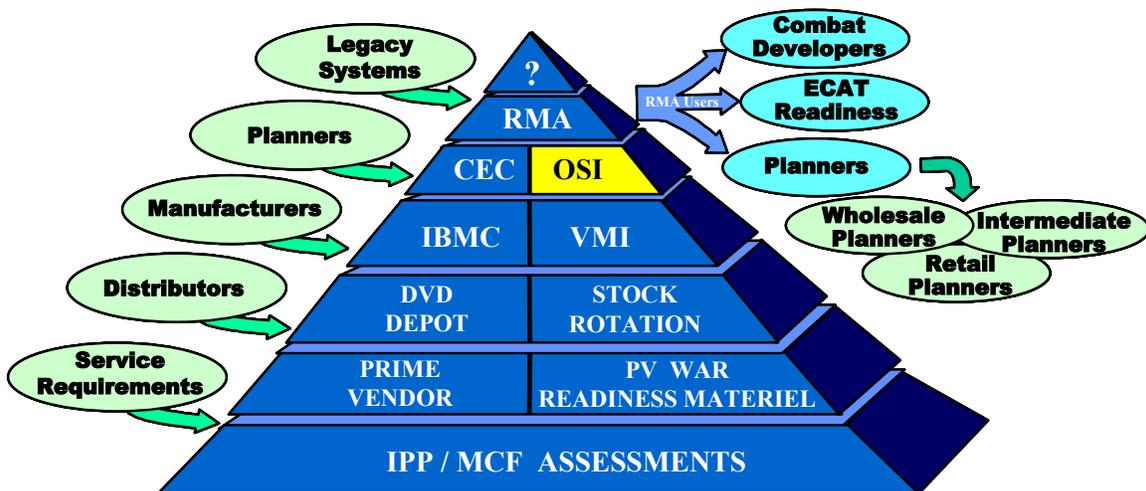
OVERSEAS SUPPORT INITIATIVE



OSI Program

At the request of the Military Services, in conjunction with the Combatant Commanders' inputs and concerns, DSCP is pursuing a new initiative to expand the supply source base by establishing partnerships with overseas manufacturers and distributors. The product line the Services and DSCP initially selected to pursue under this initiative are those products that impact or place a major constraint based on their respective tonnage or cube on the strategic air or sea lift capability of the DoD. Intravenous (IV) and irrigation fluids were selected as the first product lines to be pursued under this initiative.

Historically, IV fluids are bought from U.S. manufacturers and distributors and transported to the theater of operation. This method has proven inadequate during mobilizations due to the significant weight and cube of IV fluids and the low priority assigned to medical items on strategic military airframes and ships. The concept of OSI is to preposition IV fluids overseas for re-supply support as close to the theater of operation as possible to ease the transportation burden. This action conserves critical air and sea assets, increases supply chain efficiency, and reduces costs.



On March 16, 2001 the Medical Directorate awarded its first long-term contract for Overseas Support Initiative (OSI). This contingency contract is for Intravenous (IV) and Irrigation solutions in support of the European and Southwest Asia theaters. The Defense Supply Center Philadelphia-Europe

(DSCPE), as the contracting agency, awarded the contract to Baxter Healthcare International. Under the terms of the contract, Baxter has agreed to manage twenty (20) different IV and irrigation solutions and has guaranteed to provide over \$1.7 million inventory in support of contingency operations. The materiel will be stored in the United Kingdom. Baxter will maintain the inventory and guarantee the freshness of the materiel. Baxter has 6 business days after receipt of a routine order to have the materiel at United States Medical Materiel Center Europe (USAMMCE), Pirmasens, Germany. In addition, Baxter has agreed to provide urgent deliveries, when necessary, for pickup by government carriers in 24 hours after receipt of an order.

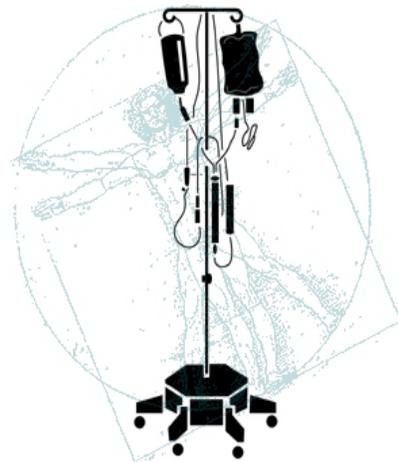
The following IV and irrigation solutions are covered under this contract:

DEXTROSE (Glucose) INJECTION, BP, 5%, 100 ml, BAG, 50s
DEXTROSE (Glucose) INJECTION, BP, 5%, 250 ml, BAG, 30s
DEXTROSE (Glucose) INJECTION, BP, 5%, 500 ml, BAG, 20s
RINGER'S INJECTION, COMPOUND SODIUM LACTATED, BP, 1000 ml, BAG, 10s
RINGER'S INJECTION, COMPOUND SODIUM LACTATED, BP, 500 ml, BAG, 20s
SODIUM CHLORIDE INJECTION, BP, 0.9%, 100 ml, BAG, 50s
SODIUM CHLORIDE INJECTION, BP, 0.9%, 1000 ml, BAG, 10s
WATER FOR IRRIGATION, STERILE, BP, 1000 ml, RIGID OR SEMI-RIGID CONTAINER, 6s
SODIUM CHLORIDE IRRIGATION, .9%, BP, 3000 ml, BAG, 4s
SODIUM CHLORIDE IRRIGATION, .9%, BP, 1000 ml, RIGID OR SEMI-RIGID CONTAINER, 6s
SODIUM CHLORIDE INJECTION, .9%, BP, 50 ml, BAG, 100s
SODIUM CHLORIDE INJECTION, .9%, BP, 500 ml, BAG, 20s
SODIUM CHLORIDE INJECTION, .9%, BP, 250 ml, BAG, 30s
SODIUM CHLORIDE INJECTION, .45%, BP, 1000 ml, BAG, 20s
DEXTROSE (Glucose) INJECTION, 50%, BP, 500 ml, BAG, 20s
DEXTROSE (Glucose) INJECTION, 5%, BP, 50 ml, BAG, 100s
DEXTROSE (Glucose) INJECTION, 5%, BP, 1000 ml, BAG, 10s
DEXTROSE (Glucose) INJECTION, 10%, BP, 1000 ml, BAG, 10s
0.9% SODIUM CHLORIDE and 5% DEXTROSE (Glucose) INJECTION, BP, 1000 ml, bag, 10s
0.45% SODIUM CHLORIDE and 5% DEXTROSE (Glucose) INJECTION, BP, 500 ml, bag, 20s

BP = British Pharmacopoeia

This most recent award of IV and irrigation solutions leaps DSCP into the next level of supply chain management, moving from a national base to an international globalization commercial base.

Again, under the OSI program, the intent is to buy guaranteed access to commercial IV fluid inventories rather than purchasing and storing Government owned shelf-life materiel. The guaranteed access to the commercial inventories includes Contractor Inventory Materiel (CIM), Contractor Furnished Materiel (CFM) and Government Purchased Materiel (GPM) as described in earlier chapters in this booklet under the VMI and CEC programs.



In accordance with the contract, Baxter United Kingdom (UK) National Distribution Center, Northampton, England is responsible for ensuring that the guaranteed materiel is available and that the delivered materiel is fresh and delivered on time to USAMMCE. These products are produced and manufactured in the UK, and the UK laws and regulations govern the manufacturing process and labeling of these products. DLA Warstopper funds were used to fund this initiative for the Services.

The OSI acquisition strategy being developed is to provide as much contractual flexibility as the VMI and CEC contracts provide today. Under OSI, the goal is to maximize coverage against the Military Services planned regional theater requirements with minimal investment dollars. This is accomplished by buying guaranteed access to commercial inventories versus Government owned inventory and incorporating the contractual flexibility to modify the range and depth of the coverage as the services' requirements and the products of choice change.

Recently this initiative has undergone a setback in that there is a Presidential Executive Order 13139, and *10 U.S.C. § 1107* prohibiting use of these pharmaceutical products. The Executive Order and *10 U.S.C. § 1107* states that only FDA approved and labeled pharmaceuticals may be administered to US Forces unless a waiver is granted by the President. A major action out of the Focused Logistics Wargame 2003 (FLOW 2003) has been continued endorsement of the program by pursuing a relief from this prohibition to use foreign source medical materiel for critical medical materiel. As a result of FLOW 2003 the J-4/HSSD is requesting a statutory change to *10 U.S.C. § 1107* with the intent to gain acceptability and use of these products. DSCP Medical has suspended further expansion of the OSI program for pharmaceutical products pending resolution of this change.

The FLOW Executive Committee has seen the value and benefit to use foreign source medical materiel and is in pursuit of gaining acceptability and use of these products that impact on strategic medical readiness. In particular these products impact on one or more of the following areas in respect to meeting Services' requirements and the ability to sustain a fighting force; reduce strategic air and sea-lift requirements, managing critical products with short shelf-life, hazardous products, and products that are indigenous to other foreign countries' ability to treat local diseases that are not available within the United States.

The Integrated Medical Logistics Group (IMLG) under the focus of the Strategic Acquisition Team of the Joint Medical Logistics 2020 (JML 2020) program has endorsed this endeavor as a means of expanding our sources of supply to a global level.



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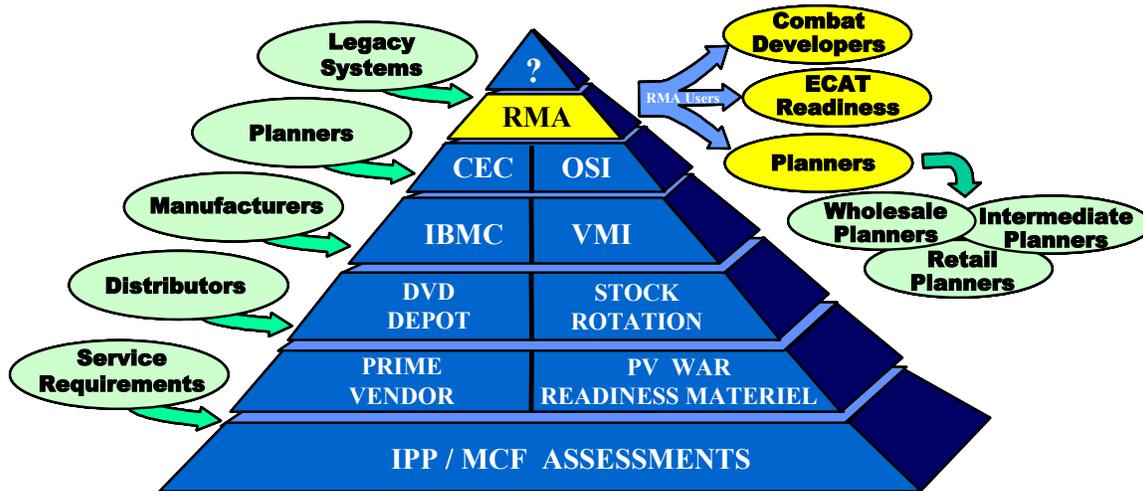


READINESS MANAGEMENT APPLICATION RMA Program



The Readiness Management Application (RMA) is the central repository of **wholesale** readiness data that functions as a planning tool for Defense Supply Center Philadelphia (DSCP) Medical and the military Services. The main purpose of RMA is to provide DSCP Medical and the Services' medical logistics organizations with the ability to assess the readiness posture of the wholesale system for any mobilization scenario, either military or humanitarian.

RMA provides medical logistics situational awareness that enables the DSCP to respond to Department of Defense (DoD) contingency requirements every day and in every crisis. Because medical technologies are continuously updated, and fiscal realities limit DoD's ability to buy, stock, maintain, and replace large stores of outdated materiel, by linking readiness-related data to commercial marketplace sales data, RMA allows stakeholders to collaborate and quickly resolve readiness challenges. RMA shows what is needed for contingencies and who manufactures and distributes the required materiel.



RMA enables medical logistical planners to identify medical materiel shortfalls for medical items and assemblages, pharmaceutical and medical products, in order to craft plans and programs to meet the Warfighter's time-phased contingency requirements throughout the operational spectrum. RMA is a web-based system

that allows the medical logistical planners to continually assess the ability of the medical supply chain to meet the ever-changing needs of the Warfighter by providing the trusted logistics intelligence critical to success on the battlefield. You may access RMA via the Web using the Medical Directorate's homepage at www.dmmonline.com.



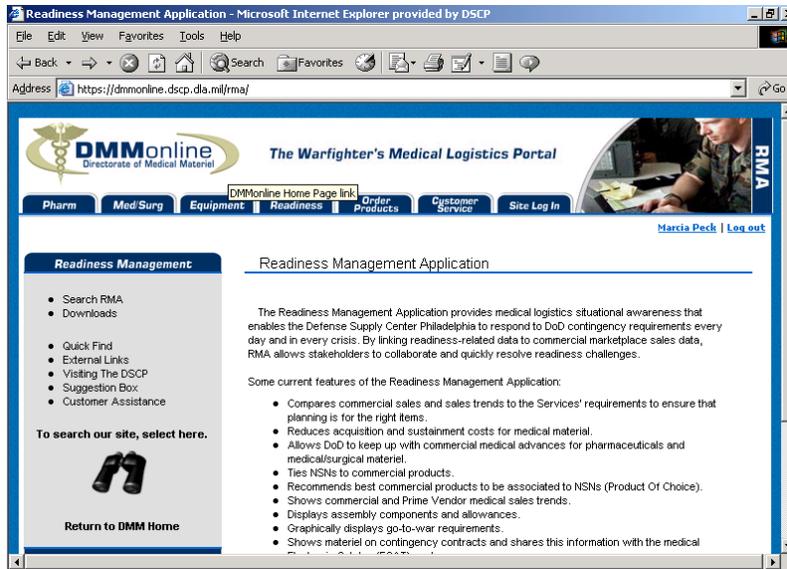
A new user to DMMonline, must request a system login to access the RMA application. If you already have a Medical Directorate login, you must request access to RMA. If you do not already have access to any Medical Directorate application, go to the Site Log In tab, then select New User Registration from the navigation bar and complete the security access form. A login will be assigned and you will be notified by e-mail. Once you are allowed access to RMA, select the Readiness Management Application-RMA from the navigation bar.

RMA is a **strategic medical materiel management tool** that supports:

- Product Identification / Recommended Products Of Choice
- Kitting / Assembly Management Planning Data
- Emergency Response / Contingency Requirements
- Contingency Materiel Contract Management
- Commercial Sales Visibility
- Consolidated Readiness Assessments

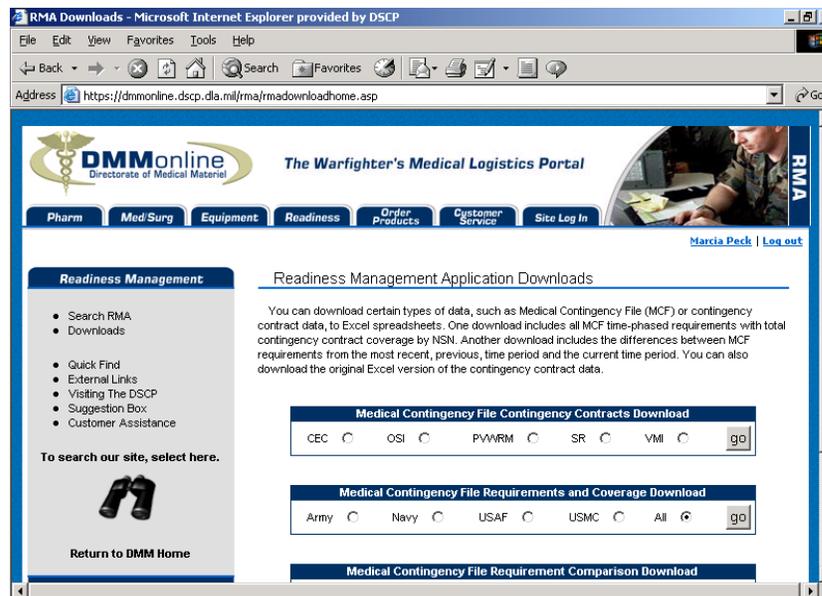
The RMA homepage allows the user to either search for information based on selected criteria or to download certain preformatted information. The choices on the homepage navigation bar are:

- Search RMA
- Downloads



From the downloads section of RMA, the user can view and save:

- Each contingency contract available in the following contract vehicles:
 - Corporate Exigency Contracts (CEC)
 - Prime Vendor War Readiness Material (PVWRM)
 - Overseas Support Initiatives (OSI)
 - Stock Rotation (SR)
 - Vendor Managed Inventory (VMI)
- Each Services Medical Contingency File (MCF) 60-day Requirements
- A comparison for each Service of MCF Requirements from the previous period to the current period

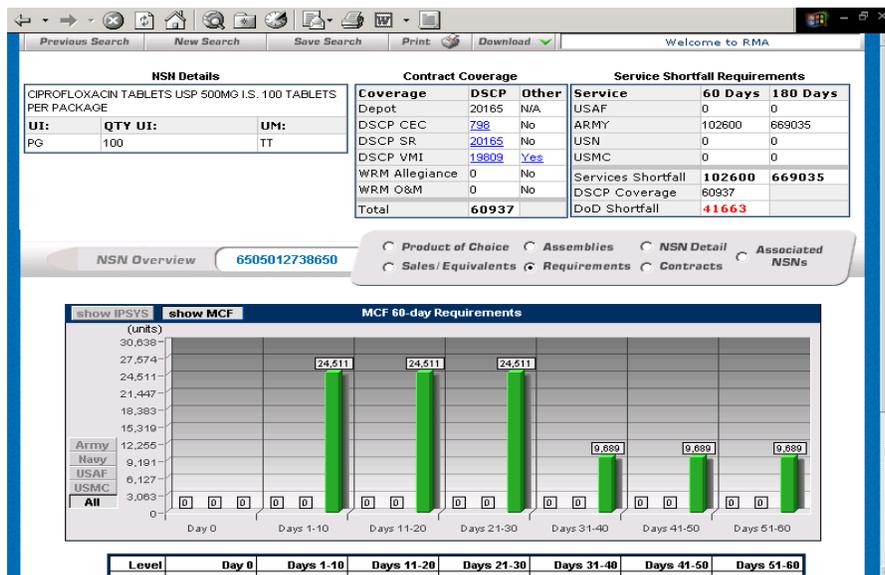


From the Search RMA section, the user has the choice to select data reflecting specified areas of interest that include National Stock Number (NSN) related data, Assembly related data, Requirements related data, Commercial Information, Contingency Contract related data, and Readiness Assessments. Once a user selects an area of interest and enters parameters for certain information, the user has the ability to navigate from within the results display to any of the other areas of interest relating to the input criteria without initiating a new search.

All NSN related searches results in a display that includes information about the NSN, such as:

- NSN specifications
- Graphically displayed Services Go-To-War Requirements
- Contingency Contract Coverage to meet the Requirements (Including on-hand Depot Stock)
- Assemblies that include the component NSN and allowance quantities within those assemblies
- Commercial and Prime Vendor medical sales trends for equivalent commercially produced products
- Associated NSNs (pharmacological or functional equivalents)
- Recommended best commercial products to meet the NSN specification (Products of Choice)
- Readiness Assessments of how Requirements can be met

What are the Requirements



What is the Current Contract Coverage

Previous Search New Search Save Search Print Download Welcome to RMA

NSN Details			Contract Coverage			Service Shortfall Requirements		
CIPROFLOXACIN TABLETS USP 500MG I.S. 100 TABLETS PER PACKAGE			Coverage	DSCP	Other	Service	60 Days	180 Days
UI:	QTY UI:	UM:	Depot	20165	N/A	USAF	0	0
PG	100	TT	DSCP CEC	798	No	ARMY	102600	669035
			DSCP SR	20165	No	USN	0	0
			DSCP VMI	19809	Yes	USMC	0	0
			WRM Allegiance	0	No	Services Shortfall	102600	669035
			WRM O&M	0	No	DSCP Coverage	60937	
			Total	60937		DoD Shortfall	41663	

NSN Overview 6505012738650

Product of Choice
 Assemblies
 NSN Detail
 Associated NSNs
 Sales/Equivalents
 Requirements
 Contracts

Contract Information

Contract ID	Commercial ID	Contract Type	DSCP	Army	Navy	USAF	USMC
SP020001D3002	00026851348	CEC	798	0	0	0	0
SP020096D7019	00026851348	VMI	19809	0	0	0	1840
SP020095C1506	00026851348	SR	20165	0	0	0	0

Previous Search New Search Save Search Print Download Welcome to RMA

NSN Details			Contract Coverage			Service Shortfall Requirements		
CIPROFLOXACIN TABLETS USP 500MG I.S. 100 TABLETS PER PACKAGE			Coverage	DSCP	Other	Service	60 Days	180 Days
UI:	QTY UI:	UM:	Depot	20165	N/A	USAF	0	0
PG	100	TT	DSCP CEC	798	No	ARMY	102600	669035
			DSCP SR	20165	No	USN	0	0
			DSCP VMI	19809	Yes	USMC	0	0
			WRM Allegiance	0	No	Services Shortfall	102600	669035
			WRM O&M	0	No	DSCP Coverage	60937	
			Total	60937		DoD Shortfall	41663	

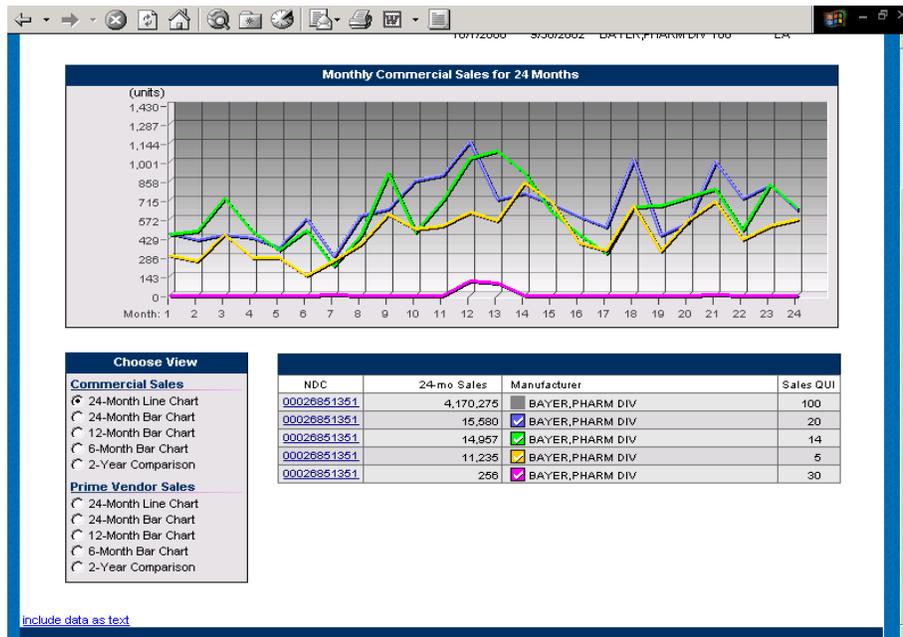
NSN Overview 6505012738650

Product of Choice
 Assemblies
 NSN Detail
 Associated NSNs
 Sales/Equivalents
 Requirements
 Contracts

Assembly Data

Assembly ID	Owner	Assembly NSN	Description	Allowance Qty
0314	Navy		NAVAL CONSTRUCTION FORCE - CORE	1
0949	Navy		EXPLOSIVE ORDNANCE DETACHMENT CORE	1
8405	Navy		CBIRF - ORGANIC SUPPORT	2
913A	Air Force		STT Special Tactics OPS Flight	3
913B	Air Force		STT Special Tactics Logistics	6
913E	Air Force		STT Scuba Operations	1
C306	Army	6545012478899	MEDICAL MATERIEL SET PHARMACY DEPMEDES SHORT SHELF LIFE	1
C306	DSCP	6545012478899	MEDICAL MATERIEL SET P	1
C383	Army	6545013249294	MEDICAL MATERIEL SET MED SUPPLY ARMY 296 BED CSH DEPMEDES SSL	1
D306	DSCP	6545011823790	MEDICAL MATERIEL SET P	1
M306	Army	6545013301867	MEDICAL MATERIEL SET PHARMACY: DEPMEDES	1
M383	Army	6545013464823	MEDICAL MATERIEL SET MEDICAL SUPPLY COMBAT HOSPITAL: MF2K	1

What are the Commercial Sales Trends excluding Packaging



What can we Substitute

The screenshot shows a software window with the following sections:

NSN Details: CIPROFLOXACIN TABLETS USP 500MG I.S. 100 TABLETS PER PACKAGE. UI: PG, QTY: 100, UI: TT, UM: TT.

Contract Coverage:

Coverage	DSCP	Other	Service	60 Days	180 Days
Depot	20165	N/A	USAF	0	0
DSCP CEC	798	No	ARMY	102600	669035
DSCP SR	20165	No	USN	0	0
DSCP VMI	19809	Yes	USMC	0	0
WRM Allegiance	0	No	Services Shortfall	102600	669035
WRM O&M	0	No	DSCP Coverage	60937	
Total	60937		DoD Shortfall	41663	

Service Shortfall Requirements: 60 Days: 102600, 180 Days: 669035.

Product of Choice Data: NSN Overview: 6505012738650.

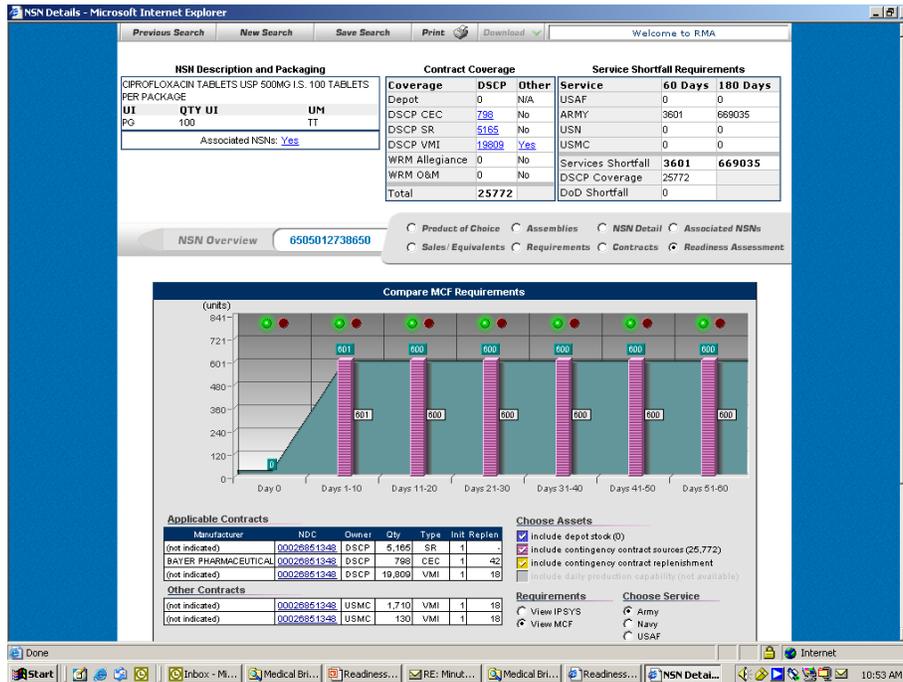
Obsolete NSN Primary Commercial Identifiers: No Obsolete Commercial IDs.

Recommended Products of Choice:

Commercial ID	Manufacturer	Description	UI	QTY	UM	FLIS	PV Available	On Contract	Annual PV Sales	Annual Commercial Sales
00026851348	BAYER,PHARM DIV	BAY CIPRO TABC 500MG 100UD 8513-48	PG	100	TT	Y	Y	Y	107452	139163
00026851351	BAYER,PHARM DIV	BAY CIPRO TABC 500MG 100 8513-51	PG	100	TT	N	Y	N	51684	2111947

Alternative Equivalent Products: No Alternative Products.

What can we Currently Support



In summary, RMA serves as a medical materiel-planning tool that assists DSCP and the Services in operational decision-making. Its users include customers from the Defense Supply Center Philadelphia, Services' intermediate level logistics organizations, such as the US Army Medical Materiel Agency (USAMMA), Air Force Medical Logistics Office (AFMLO), Navy Medical Logistics Command (NMLC), Marine Corps Systems Command, and major overseas customers, such as US Army Medical Materiel Center – Europe (USAMMCE).

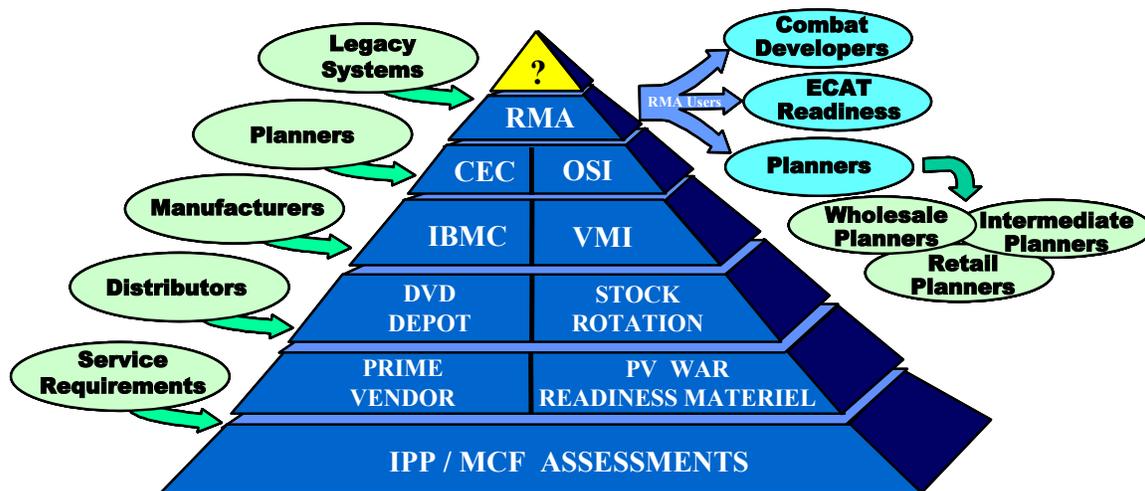
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DSCP MEDICAL INITIATIVES



DSCP Medical Directorate is continuing to develop readiness acquisition and support strategies to meet today's logistics challenges, while moving forward to meet tomorrow's challenges. Medical logistics at DSCP is not business as usual. Besides those programs mentioned in the previous sections of this booklet, there are numerous other DSCP initiatives that aid in the Medical Readiness mission. Many of these initiatives are on the cutting edge of technology and fully embrace commercial business practices. The Medical Directorate is always on the lookout for business opportunities with the goal of developing new and innovative partnerships with the healthcare industry, which will improve medical readiness support and reduce the Services' readiness costs. At the top our readiness pyramid is a "?" that symbolizes our quest to ask the questions regarding how to best continue and improve medical readiness support to our customers. Following are some of the more significant programs, which DSCP has developed or is developing (some are more further along than others).



Product Identification

The Service's war-time planning is based on National Stock Numbers (NSNs). The medical industrial base as a whole does not utilize NSNs. The result is one of the biggest obstacles facing our medical community: Our inability to easily cross an NSN to a viable commercial product.

The Product Identification Working Group consists of members from DSCP, DLIS, JRCAB and all four Service's Medical Commands. The goal of the working group is to facilitate the management of, and procurement of, viable medical NSNs.

The Working Group has identified the data fields required to establish, maintain and terminate a medical NSN. Each data field has been assigned an "Owner Command", who is ultimately responsible for the maintenance of the specific data. A draft Memorandum of Understanding (MOU) between all stakeholders has been promulgated.

There are three main components of the working group:

Medical Contingency File

In order to facilitate the contractual coverage of identified Services' shortfalls, the generation and consolidation of Services' requirements had to be formalized into an agreed upon format and location. The Services agreed to populate and periodically update a database called the Medical Contingency File (MCF), which consolidates the 60-day, time phased wartime requirements from all four Services. The MCF is maintained by DSCP as part of the Readiness Management Application (RMA). RMA provides product identification data and readiness contract information on all items in the MCF. The ultimate goal is to enable the Services to use the data feeds within RMA to obtain "product of choice" information in developing all of their wartime requirements as well as MCF candidates. In addition, the MCF serves as a catalog for a recently developed automated ordering system for all contingency contracts known as Contingency ECAT.

NSN Maintenance

The NSN Maintenance component is concerned with the development and enhancements of our automated systems to transfer data between all stakeholders; to cleanse the data; to ensure the data is available to the Warfighter.

An effort is underway to streamline the four independent systems currently utilized to transfer NSN data between the Services, JRCAB, DSCP and DLIS. The four systems cannot pass all of the data elements required; takes a minimum of eight work days to complete an action; results of an action is not visible to all key players. Once this initiative is completed, we will have one virtual system with the capability to transfer all data elements in real time. The system will pass all data elements required, and will be web-based in order for all key players to have visibility of an action. The system will be a portal for the medical community to report NSN problems, and to track the resulting actions.

One long standing problem facing our community is the difficulty the Warfighter has trying to order a product he needs based solely on the NSN's official name.

For example, Zidovudine is a generic name for a drug. Its trade name is Retrovir. But clinicians commonly call it by two other names Azidothymidine, or AZT for short. A new initiative is under way to add "Common Names" to the NSN's characteristics field, and to make this field searchable. The Warfighter's search for the product name AZT in FEDLOG, UDR or WEBFLIS, will now provide him with the NSN he needs to order the product.

Another problem facing our community is poor sourcing information. Several new initiatives to clean up the sourcing data are presently underway. Over 20,000 CAGE Codes have been cleansed; commercial companies are being asked to confirm their production data; a massive review of the sourcing data contained in SAMMS is presently underway. These efforts are all manually intensive. New automated ways must be developed to maintain NSN sourcing data and provide the clinician and planner with recommended Products of Choice.

Product of Choice

The Product of Choice component will be the method we will utilize to maintain NSN data integrity in the future.

The requirement to properly identify a medical product is not a military unique problem. Commercial hospitals and medical providers face this challenge every day. These activities rely on commercial medical classification companies to provide them with the classification information required to accurately identify the products they need. DSCP has contracted with two of the leading commercial classification companies to assist us in relating an NSN to a commercial product. Once an NSN is commercially classified, a review process will be undertaken to identify the Product of Choice. Factors such as product equivalents, readiness contracts, commercial sales, and cost must be evaluated in the selection process.

An additional benefit of Product of Choice will be early notification of a product whose sales are diminishing, an indication the product is no longer considered by the commercial industry as the product of choice, and a new product has entered the market.

Medical Assembly Program

The DSCP Medical Assembly Mission is yet another critical component of our readiness mission. Utilizing our DLA depots, all size and variety of sets, kits and outfits (SKOs) can be assembled and shipped in any time frame. The Medical Assembly organization, both at DSCP and at our DLA Depots, is capable of assembling kits ranging from blanket sets to fully deployable field hospitals. The Medical Assembly section has played a major readiness role for years and is critical to the rapid deployment of hospitals, medical supplies and equipment ranging from military contingencies to humanitarian aid missions. There are essentially three types of Assemblies:

- Deployable Medical Systems (DEPMEDS): are standard and non-stocked modules designed by the Joint Readiness Clinical Advisory Board (JRCAB) that are used to configure military field hospitals. These items are assembled only after receipt of a requisition from a customer.
- Minor Assemblies: are standard and depot stocked assemblies that are designed by the JRCAB. They are stocked in the depot for future use based on past usage and projected demand.
- Major Assemblies: are non-stocked, non-standard, service unique assemblies, which are designed by the Services and are not normally assembled until receipt of a customer requisition. However, during Operations Enduring Freedom and Iraqi Freedom, Medical Assembly deviated from this tradition and stocked critical service unique, high demand items such as Combat Lifesavers, Sick Call and Trauma sets in order to ensure availability for deploying troops. Customers are welcome to nominate candidates for this option.

Major stakeholders include the Service Customers [US Army medical Materiel Agency (USAMMA), Air Force Medical Logistics Office (AFMLO), and the Naval Medical Logistics Command (NAVMEDLOGCOM)], DSCP Medical, Defense Depot Command, end item customers, and potentially Prime Vendors and/or other major suppliers.

Medical Air Bridge (MAB)

The Medical Air Bridge (MAB) expedites the delivery of high-priority medical materiel to Warfighters overseas. The Bridge is operated in partnership with customers, commercial suppliers, and commercial air delivery services. Owens and Minor Inc. operates the CONUS hub of the CENTCOM & EUCOM Medical Air Bridge where shipments are consolidated for delivery overseas. The Medical Air Bridge site enables the Directorate and its partners to record, track and communicate transactions as materiel flows from our suppliers through the consolidation hub to the Warfighter

The Medical Air Bridge expedites the delivery of high-priority medical materiel to Warfighters overseas. There were two main requirements driving the development of this application: (1) competing requirements for transportation resources, resulting in medical materiel being delayed in CONUS awaiting shipment and (2) the need to provide customers with better in-transit visibility (ITV) of medical materiel.

The Medical Air Bridge initiative was designed to support these requirements. To address the problem a new contract was put in place with Owens and Minor, Inc., establishing Owens and Minor as a consolidation hub for all shipments designated for USAMMCE and Qatar. Then, vendors who receive orders for those two commands were directed to deliver the materiel to the consolidation point, where it is turned around for air shipment overseas within twenty-four hours. The materiel arrives at the ordering location within a few days.

The Medical Air Bridge application is the operational infrastructure that provides the backbone for this operation. From vendor shipment, through receipt at the

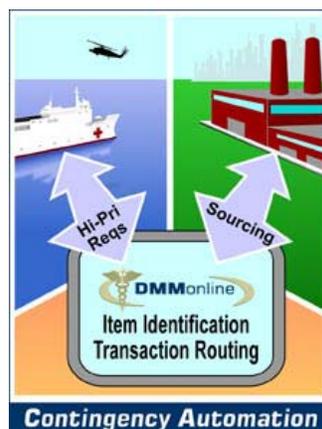
consolidation hub, through out-bound shipment, through materiel receipt, the Medical Air Bridge provides complete ITV so the customer can track the progress of his or her order at all times.



Contingency Automation Application (CAA)

CAA is an automated item identification, sourcing and transaction routing tool that enables the DSCP Medical staff to receive, validate, identify, analyze, source and monitor fulfillment of high-priority requisitions. CAA also allows the Medical staff to simulate various order fulfillment scenarios and evaluate the results prior to initiating the actual sourcing action. **CAA is in the early development stages of delivering capabilities to** receive requisitions from a variety of sources and expediting the processes and business decisions required to source them efficiently. The application **will** act as a bridge between the various medical ordering and transaction systems and **will** substantially reduce the logistics response time required to deliver medical materiel our customers anywhere at any time.

CAA provides a classification and sourcing engine that establishes sourcing ownership for high-priority requirements based on multiple, configurable factors. It also provides a collaborative, web-based workload distribution and management tool that tracks sourcing ownership, source execution, shipping status, split actions, alternate document numbers, and passing actions among owners for all requirements within a contingency. The application provides a sourcing support workbench with links to external systems and supporting data. It also provides a data archiving and record management feature to track entries or changes to sourcing and shipping details.



Contingency Ordering Through ECAT

As discussed previously in this booklet, prior to the 1990s, the Department of Defense (DoD) stored a vast amount of medical materiel in DoD depots just in case it was needed for contingencies. This process was costly and, as we discovered during the 1991 Gulf War, neither efficient nor effective. Lessons learned from the Gulf War revealed that the items in the depots had diminished shelf life, that they were not products of choice, and that they were not the ones with which clinicians wanted to go to war.

To address these inefficiencies, the Defense Supply Center Philadelphia's Medical Directorate sought to develop acquisition and support strategies to ensure that the Services are properly equipped for any contingency. The plan was to put in place contracts, business rules and agreements to rapidly acquire the full spectrum of products necessary to satisfy the Service's time-phased requirements for consumable and shelf life medical/surgical and pharmaceutical products from a multitude of commercial sources.

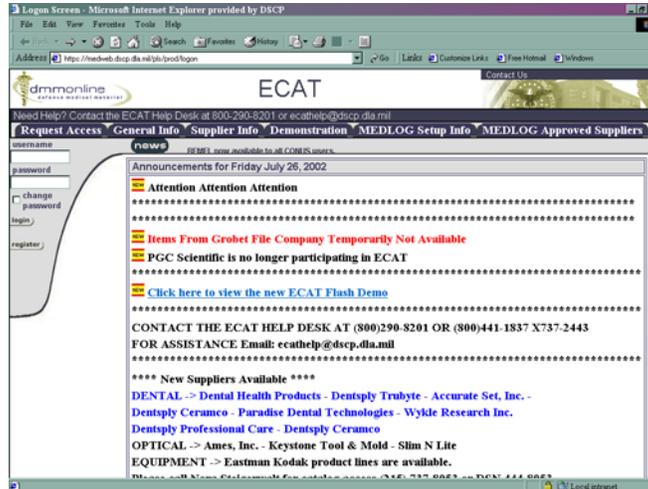
The first step was to identify products that the Services could not readily obtain in the event of a contingency, and to encourage manufacturers and distributors to increase their safety stock of this materiel to guarantee the Services immediate and sustained coverage. The safety stock remains with the manufacturers and distributors who rotate the materiel to insure maximum shelf life at time of issuance to the Services. A multitude of contractual arrangements - Vendor Managed Inventory, Corporate Exigency Contracts, Prime Vendor War Readiness Materiel, and Overseas Supply Initiative are used to source Service requirements.

In order to facilitate contractual coverage, the generation and consolidation of Service time-phased requirements for consumable medical/surgical and pharmaceutical products was populated in a database called the Medical Contingency File (MCF). The MCF, managed by DSCP Medical, consolidates the time-phased wartime requirements from all four Services, identifies suppliers providing specific products to fulfill requirements, commercially identifies National Stock Numbers, and provides support for medical materiel planners at several layers of support.

With the contracts and vendor agreements in place, the next step was to acquire an execution tool employing Web-based technology to allow authorized users to place orders securely for products on contingency contracts, and electronically transmit the orders to suppliers using Electronic Data Interchange. The Medical Directorate's Electronic Catalog System (ECAT) was chosen to provide this capability.

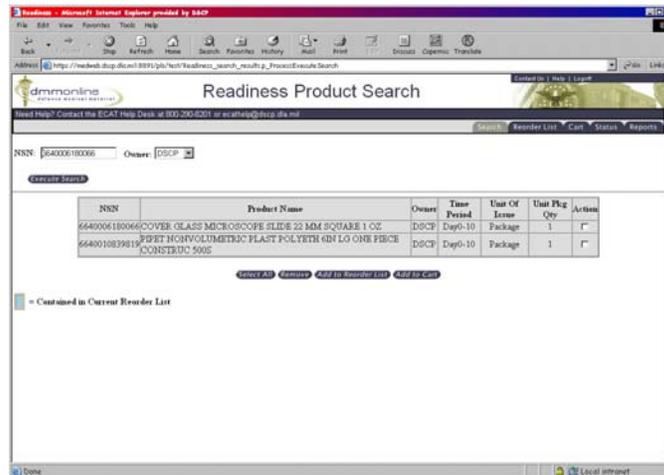
ECAT has been a very successful Web-based electronic procurement system since its inception in FY 1999. ECAT's scalable architecture allowed developers to modify the system to incorporate Readiness business rules. ECAT utilizes the MCF as a virtual catalog. When a customer places an order for a contingency item, ECAT insures that the requested quantity does not exceed the customer's time-phased requirement for

that product. ECAT selects a supplier based on established business rules and electronically transmits the order to the supplier within 10 minutes. The supplier acknowledges the order, and status is reported back to the customer within one hour of order placement.



The seamless interface between customer and supplier integrates ordering, distribution, delivery, billing and payment, while providing customers total order visibility. The MCF and ECAT allow the Medical Directorate to respond to ever changing customer needs with unprecedented speed and flexibility.

More information regarding medical readiness tools such as Contingency ECAT and the MCF can be found on the web at www.dmmonline.com.

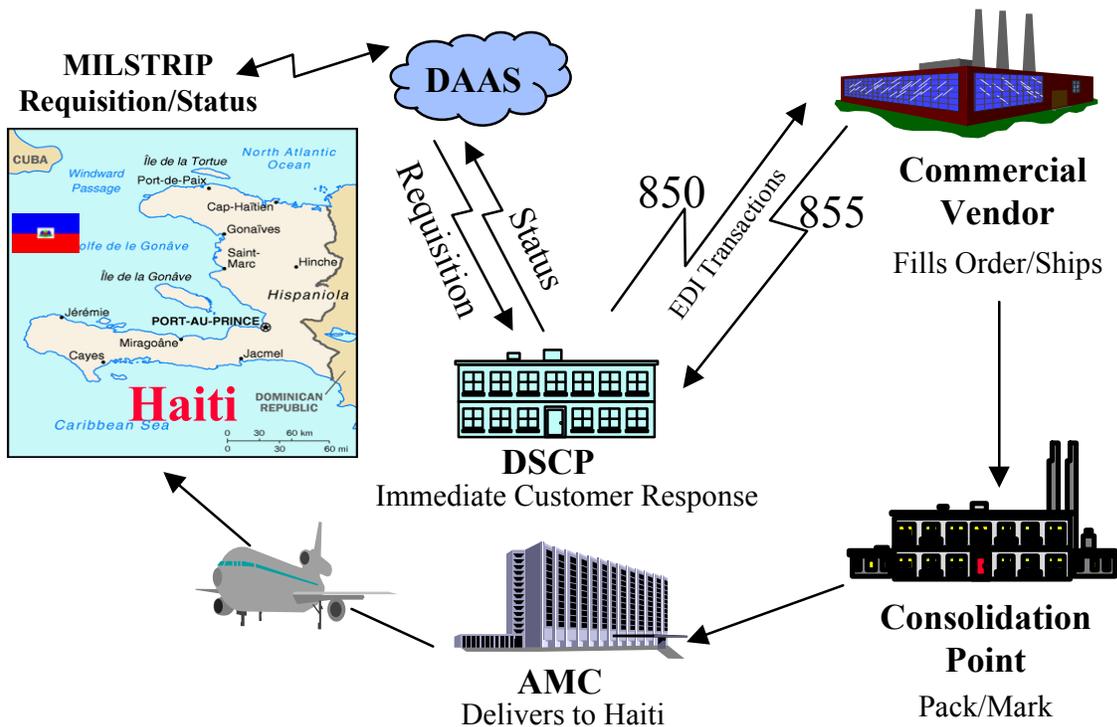


Concept Supply Support Planning

DSCP Medical along with the Services continues in the development of streamlining supply support plans. As a result of DSCP's participation in the Joint Vision (2010) the Focused Logistics Laboratory (FLL) emerged as a viable concept, which empowered

DSCP to develop the use of electronic commerce and intransit visibility to manage the flow of requisitions and materiel into an area of operations. The FLL provided a low risk laboratory to practice and test emerging concepts and develop doctrine for future planning and deployments. Using the FLL premise to standardize operational and doctrinal support to each service and CC and be a single provider of medical materiel in a theater of operations was the genesis of the support plan for Haiti and El Salvador. The diagram below attempts to show all the processes that the FLL is bringing together, using Haiti as the example. As a result of the success of the FLL with Haiti and El Salvador, DSCP continues to design innovative supply support plans combining new and current support practices to medical units engaged in remote contingencies, which do not have an existing routine support network. The concept supports the Joint Vision (JV) 2020 philosophy of using electronic commerce and intransit visibility to manage the flow of requisitions and materiel into an area of operations. This support plan methodology provided a low risk laboratory to practice and test the JV 2020 concepts and develop doctrine for future planning and deployments. The concept is based on using a single reliable source for all needed medical materiel. DSCP was the obvious choice for this single source. A similar concept was employed for the support to South West Asia (SWA). Refinement and evaluation however, are still ongoing.

Focused Logistics Laboratory Support Plan



The Focused Logistics Laboratory is:

- Striving to provide optimal automation support for medical units deployed during a Security and Stability Operations (SASO) or Contingency Area

- Proposing doctrine changes for function of theater materiel management issues—JV 2020
- Continuing to provide flexible and scaleable SASO support through DLA that optimizes commercial practices.

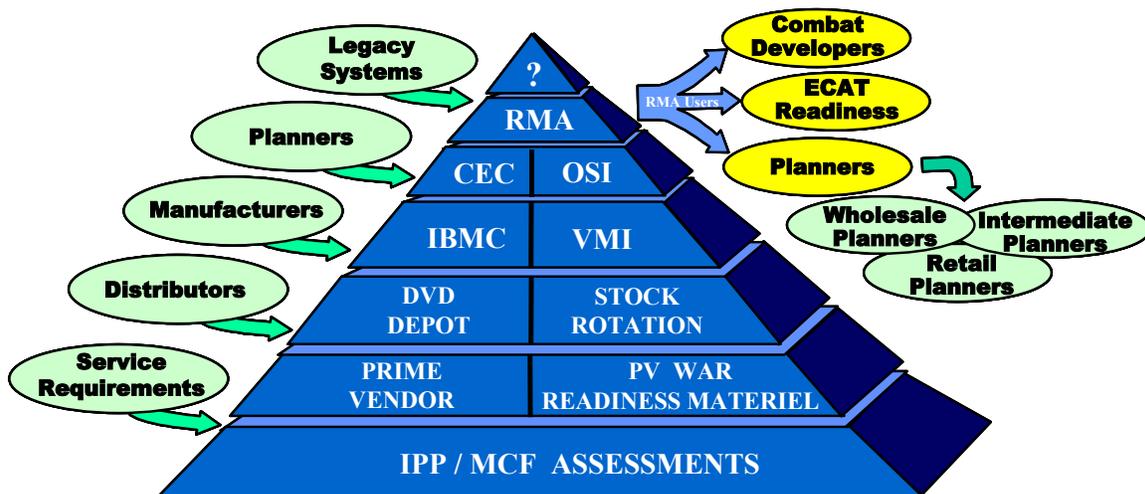
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JOINT TOTAL ASSET VISIBILITY (JTAV)



Accurate and timely medical readiness assessments are dependent upon having current and complete **asset visibility**, including **in-transit visibility (ITV)**. Today, the Joint Medical Logistics community lacks the capability to provide comprehensive, timely, and accurate information on the location, movement, status, and identity of medical equipment and supplies. Without this visibility, redundant materiel orders, which tax the industrial base and a general lack of confidence in the dependability of the logistics pipelines, will continue to plague the medical community. Total Asset Visibility (TAV) is the capability to provide timely and accurate information on the location, movement, status, and identity of units, personnel, equipment, and supplies. It also includes the capability to act upon that information to improve the overall performance of the DoD's logistic practices. The need for TAV, which has long been recognized, is based on two key factors: ability to maintain and assess military readiness through materiel asset visibility (both contractual and non-contractual) and the ability to stratify and redistribute materiel against operational shortfalls utilizing this visibility.



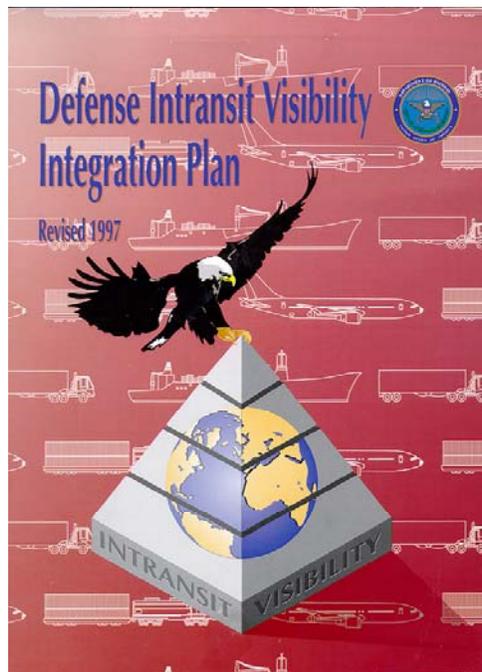
With the exception of a limited number of items, the medical community is dependent upon the private sector for Class VIII materiel support in both peacetime and in case of conflict. The Quad-Service medical logistics community requires visibility into commercial marketplace capabilities and a method to gather In-Transit Visibility (ITV) in order to plan and execute a mission.



Asset visibility for the medical commodity must be gathered and fused from multiple sources. Medical asset information is broadly distributed across the Military Health Service System (MHSS) at the retail level, Services' intermediate level, wholesale level, and the commercial manufacturing and distribution level. The Readiness Management Application (RMA) will be a major source of consolidated asset information at the wholesale level and the industrial base level. Medical Logistics Total Asset Visibility (MEDLOGTAV) Program Office functions as the medical logistics data source for the medical community and feed the data to Joint Total Asset Visibility (JTAV) through the Joint Medical Asset Repository (JMAR). JMAR does not create new data but captures and consolidates existing data from disparate sources such as RMA, MECA, UDR, etc. and provides the information to JTAV. JMAR has a technical capability that accesses existing Services and DLA medical logistics systems and commercial logistics data located in various information systems. The goals of JMAR are:

- Allow identification of excess assets to fill requirements.
- Allow for cross-leveling between the Services.
- Provide the means to monitor the location of and manage assets flowing from commercial distributors and manufacturers throughout the United States through transportation hubs and into the distribution pipeline.
- Expose bottlenecks in both supply and transportation systems.
- Provide the capability to "first to fight" units to make informed decisions in medical logistics planning.
- Provide the capability for informed decision making on critical materiel usage at all levels.
- Reduce duplicate requisitions caused by a lack of pipeline visibility and a concurrent increase in user confidence in the supply system.
- Enhance medical logistics operational readiness.

The DSCP Vendor In-Transit Visibility (ITV) program is designed to capture shipping data from vendors to provide in-transit visibility (ITV) through the Global Transportation Network (GTN). A vendor pulls customer electronic order information and creates an Electronic Data Interchange (EDI) bill of lading with line item level detail, which is sent to DSCP for costing, to the transportation carrier and GTN as a notification of shipment. The transportation carrier in turn sends EDI status information to GTN, which provides the ITV. GTN provides ad hoc and specialized query capabilities to DSCP customers based on the commercial air carrier shipment number, national drug code or product number, shipment call number, etc. DSCP determines transportation costs for the shipment and sends the bill of lading data to the U.S. Bank PowerTrack system. The transportation carrier submits electronic invoices and automated proof of delivery notices to PowerTrack. DSCP personnel then access PowerTrack via the worldwide web and certify shipments for automated carrier payment. The DSCP Vendor Express system (VENEX) was originally developed by DSCP and used at the medical prime vendors and DSCP. That system has been phased out. The new contracts require the vendor to create and send the electronic ITV information. The ITV and PowerTrack concepts are operational with all Medical Prime Vendors and all commercial air carriers.



Commercial airfreight carriers generally deliver shipments from DSCP medical prime vendors directly to OCONUS DSCP customers such as Pirmasens, Germany. These carriers file tenders of service with the Air Mobility Command (AMC) for general air service as well as AMC's FY Air Line of Communication (ALOC) contract with the Civil Reserve Air Fleet (CRAF) carriers such as Emery, FedEx, DHL, and UPS. In general, these tenders are used for shipments in excess of 150 pounds. Worldwide Express

(WWX) is a commercial small parcel transportation service implemented by AMC in conjunction with GSA for OCONUS shipments 150 pounds or less. Medical prime vendors are required by DSCP to use WWX for shipments up to 150 pounds if the traffic lane has approved WWX carriers, currently FedEx, DHL, or UPS depending on the traffic lane. WWX transportation payments to the carriers are to be paid via PowerTrack as are larger tender shipments. AMC FY International Airlift Services contract shipments have special carrier status reporting requirements to AMC. It is also intended that WWX carriers as well as tender carriers report their status to GTN for ITV purposes. In addition, the web-based tracking capabilities of WWX carriers are available to DOD and commercial customers.

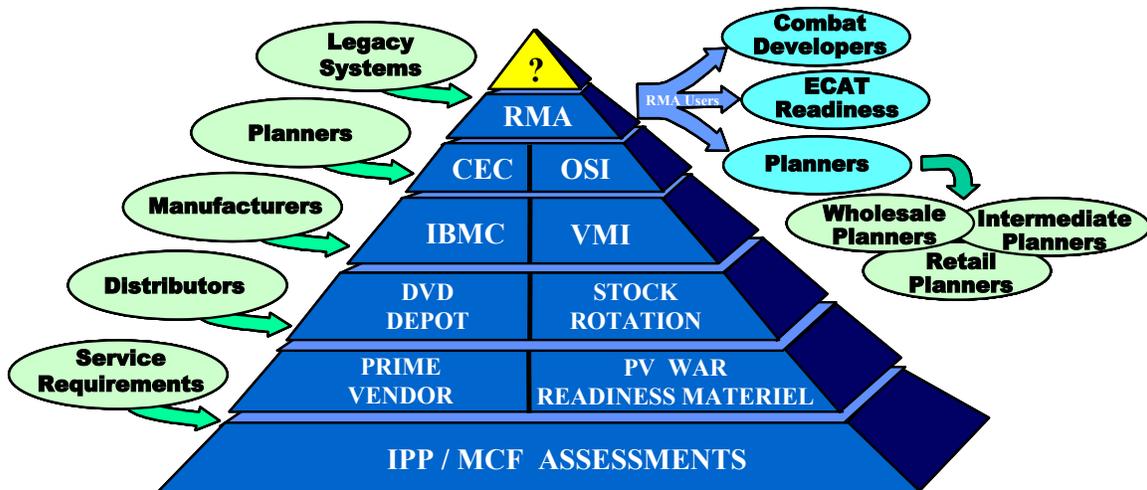


WHOLESALE MEDICAL LOGISTICS

READINESS PLAN



Throughout your reading of the Wholesale Medical Logistics Readiness Plan, the booklet has addressed each of the building blocks and initiatives as a separate entity. DSCP Medical Directorate looks at the logistics readiness plan as a complete 'Building'. A structure that is only as sound as the blocks that make it a Building. Over these last few years the Services and DSCP Medical have used the various block components to meet contingency missions as well as Military Services' exercises validating the Readiness structure. Based on these results it is our belief that the readiness 'pyramid' we are constructing is a sound structure for providing readiness support to our fighting forces. Our vision is that the Readiness Building functions as one cohesive unit, providing seamless, responsive readiness support to our customers. We as logistics planners must ensure that this vision is adhered to and remains our ultimate objective in meeting the goal of "Supporting America's Fighting Forces."

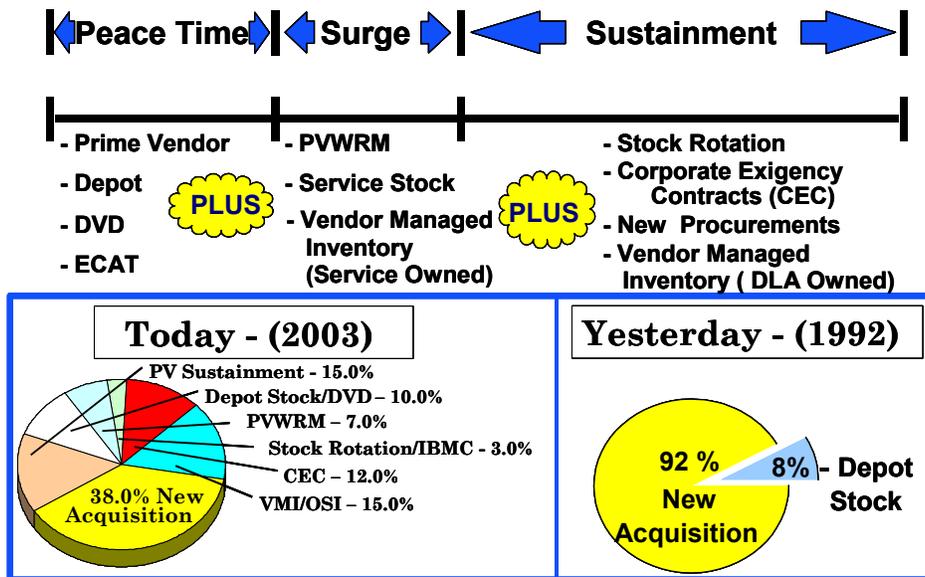


It is the intent of this booklet to increase your awareness of how we at DSCP are striving to continuously build our readiness pyramid to support the Services' mobilization requirements. We have elaborated on how we are building partnerships with the healthcare industry, the Services and the various other government and civilian

organizations to improve our readiness posture and our ability to manage readiness support through effective supply chain management. We strongly believe that the Services use of our Medical Commercial Product Visibility data will greatly improve item selection, product of choice determination and requirement development. We are investing in upgrading system support as well as developing new applications, such as the Readiness Management Application (RMA) with a Readiness Assessment Model to enhance and improve our ability to manage medical readiness support. We are now partnering at an international level with overseas manufacturers and distributors under the Overseas Support Initiative (OSI) by gaining access to preposition medical materiel for Europe and Asia. This initiative will lead to expanding, adopting and planning for more items that are readily supportable in the domestic and international commercial marketplace.

We firmly believe that only through effective and comprehensive planning in conjunction with the Services can we ever hope to meet the challenges of readiness at a cost that we can all afford. We look for the readiness building blocks to function independently, and yet intuitively as a single support unit, in order to provide the highest state of responsive through the **continuum of logistics support**.

Logistics Support Plan



Readiness planners at the Wholesale, Intermediate, and Retail level must continue to work together in unison and as one united entity if we ever plan to solve the challenges of medical readiness.

Just as the  mark at the top of the pyramid indicates that the building process is not complete, it also emphasizes to combat developers and planners to continue to ask those tough questions, such as:

- Look outside the box; is there another way to meet this requirement?
- Can we afford to support this item?
- What new innovative programs can we design to meet these challenges?
- Are the materiel time phased requirements accurate?
- Is there any technological advancement in the healthcare industry that can meet this requirement or render the item more supportable?

Needless to say, the above questions serve only as samples as to the type of questions which we, as Medical Materiel Managers and Logistics Planners, must continue to pursue and to seek answers. Our hope is that the **Wholesale Medical Logistics Readiness Plan** will serve as a sound structure upon which to continue to build DSCP wholesale readiness support, as well as support your own medical logistics readiness plans.

If you have any suggestions or innovative ideas regarding Medical Readiness improvements that you want to share with us, please contact:

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WHOLESALE MEDICAL LOGISTICS

READINESS PLAN



ACRONYMS

<u>Acronym</u>	<u>Definition</u>
ACE	Advanced Contracting of Equipment
ACN	Assembly Control Number
ACPOP	Alternate Commercial Product Ordering Program
ADP	Automated Data Processing
AF	Air Force
AFMLO	Air Force Medical Logistics Office
AIS	Automated Information System
AMC	Air Mobility Command
AMS	Automated Manifest System
ARO	After Receipt of Order
ASSY MGNT	Assembly Management
BAA	Broad Agency Announcement
BCC	Broad Contract Coverage
BDN	Build Directive Number
BMA	Business Management Application
BP	British Pharmacopoeia
BPA	Blanket Purchase Agreement
BPI	Business Process Improvement
BPR	Business Process Reengineering
BRVI	Buy Readiness Vice Inventory
CAA	Contingency Automation Application
CAIM	Customer Area Inventory Management
CAV	Commercial Asset Visibility
CBU	Commodity Business Unit
CC	Combatant Commander
CCB	Configuration Control Board
CCP	Consolidated Containerization Point
CCR	Central Contractor Registration
CEC	Corporate Exigency Contracts
CENTCOM	Central Command
CDMIA	Customer Demand Management Information Application
CFM	Contractor Furnished Materiel

<u>Acronym</u>	<u>Definition</u>
CIM	Contractor Inventory Materiel
CINC	Commander-in-Chief
CONUS	Continental United States
COTS	Commercial off the Shelf
CPCS	Commercial Product Classification System
CRAF	Civil Reserve Air Fleet
CRR	Cost Recovery Rate
CSART	Combat Support Agency Review Team
DAAS	Defense Automatic Addressing System
DAPA	Distribution and Pricing Agreements
DEPMEDS	Deployable Medical Systems
DLA	Defense Logistics Agency
DMA	Distribution and Pricing Agreements Management Application
DMLSS	Defense Medical Logistics Standard Support
DMS	Distribution and Pricing Agreements Management System
DMSMS	Diminishing Manufacturing Sources and Materiel Shortages
DoD	Department of Defense
DPG	Defense Planning Guidance
DRMO	Defense Reutilization and Marketing Office
DSCP	Defense Supply Center Philadelphia
DSCPE	Defense Supply Center Philadelphia Europe
DSS	Decision Support System
DVD	Direct Vendor Delivery
EA	Executive Agent
EC	Electronic Commerce
ECAT	Electronic Catalog
EDI	Electronic Data Interchange
EPPI	Electronic Procurement Program Initiative
ERP	Enterprise Resource Planning
ESOC	Emergency Supply Operations Center
EUCOM	European Command
FAR	Federal Acquisition Regulations
FCS	Forward Customer Support
FDA	Food and Drug Administration
FDB	First Data Bank
FEDEX	Federal Express
FEDLOG	Federal Logistics Systems
FEMA	Federal Emergency Management Agency
FHSO	Fleet Hospital Support Office

<u>Acronym</u>	<u>Definition</u>
FISC	Fleet and Industrial Supply Center
FLL	Focused Logistics Laboratory
FLOW	Focused Logistics Wargame
FM	Facilities Management
FOB	Free Onboard Delivery (origin or destination)
FSC	Federal Supply Class
FSS	Federal Supply Schedule
FTP	File Transfer Protocol
FY	Fiscal Year
GBL	Government Bills of Lading
GIDEP	Government Industry Data Exchange Program
GCCS	Global Command and Control System
GCSS	Global Combat Support System
GMLOC	Global Medical Logistics Operations Center
GPM	Government Purchased Materiel
GPO	Group Purchasing Organization
GSA	General Services Administration
GTN	Global Transportation Network
GUI	Graphical User Interface
HIFAC	Health Industry Federal Advisory Council
HQ	Headquarters
IBMC	Industrial Base Maintenance Contracts
IBP	Industrial Base Planning
ICS	Immediate Customer Support
ID	Identification
ICIS	Integrated Consumable Item Support
ICOM	Input, Control, Output, Mechanism
IPP	Industrial Preparedness Planning
IPR	In-Process Review
IPSYS	Industrial Preparedness System
IPT-IPP	Integrated Process Team-Industrial Preparedness Planning
IMLG	Integrated Medical Logistics Group
ISSOT	Inter-Service Supply Support Operation Team
ITV	In-transit Visibility
IV	Intravenous
JADWG	Joint Application Development Working Group
JCHEMRATES	Joint Service Chemical Defense Equipment Consumption Rates Study
JDF	Joint Deployment Formulary
JFCOM	Joint Forces Command

<u>Acronym</u>	<u>Definition</u>
JIT	Just In Time
JHSS	Joint Health Services Support
JMAR	Joint Medical Asset Repository
JML2010	Joint Medical Logistics 2010
JMRR	Joint Monthly Readiness Review
JRCAB	Joint Readiness Clinical Advisory Board
JTAV	Joint Total Asset Visibility
JV	Joint Vision
JWCA	Joint Warfighting Capability Assessment
KO	Contracting Officer
LIDS	Laboratory Integrated Delivery System
LRO	Logistics Request Order
MAB	Medical Air Bridge
MCF	Medical Contingency File
MCMMT	Medical Contingency Materiel Management Team
MCPV	Medical Commercial Product Visibility
MECA	Medical Electronic Customer Assistance
MEDEX	Medical Air Express
MEDLOG	Medical Logistics
MEDLOGTAV	Medical Logistics Total Asset Visibility
MHSS	Military Health Services System
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MLMC	Medical Logistics Management Center
MLPS	Medical Logistics Proponent Subcommittee
MOOTW	Military Operation Other Than War
MOP	Mail Order Pharmacy
MRC	Major Regional Conflict
MRDSS	Medical Readiness Decision Support System
MRO	Materiel Request Order
MTW	Major Theater War
NAA	Nerve Agent Antidote
NAAA	Nerve Agent Antidote Autoinjectors
NBC	Nuclear Biological Chemical
NDA	New Drug Application
NDC	National Drug Code
NIB	National Industries for the Blind
NIR	National Inventory Record
NISH	Formerly the "National Industries for the Severely Handicapped" is now the recognized name of the organization representing disabled personnel in the

<u>Acronym</u>	<u>Definition</u>
	industrial base.
NMLC	Naval Medical Logistics Command
NMOP	National Mail Order Pharmacy
NOSTRA	Naval Ophthalmic Support and Training Activity
NSN	National Stock Number
OCONUS	Outside Continental United States
OOTW	Operations Other Than War
OPLAN	Operations Plan
OSI	Overseas Support Initiative
PACOM	Pacific Command
PC	Personal Computer
PDAD	Program Description and Approval Document
PM	Program Manager
POM	Program Objective Memorandum
PPV	Primary Prime Vendor
PR	Purchase Request
PREPACS	Prepackaged Medical Supplies
PV	Prime Vendor
PVWRM	Prime Vendor War Readiness Materiel
RDBMS	Relational Database Management System
RDD	Required Delivery Date
RDSS	Readiness Decision Support System
REP	Readiness Enhancement Program
RF	Radio Frequency
RMA	Readiness Management Application
ROI	Return On Investment
SAMMS	Standard Automated Materiel Management System
SASO	Security and Stability Operations
SCR	System Change Request
SIMLM	Single Integrated Medical Logistics Manager
SKO	Sets, Kits, and Outfits
SLEP	Shelf Life Extension Program
SME	Subject Matter Expert
SOS	Source of Supply
SOUTHCOM	Southern Command
SOW	Statement of Work
SPV	Secondary Prime Vendor
SPEDE	SAMMS Procurement by Electronic Data Exchange
SRIM	Stockroom and Readiness Inventory Management
SROT	Stock Rotation

<u>Acronym</u>	<u>Definition</u>
TAMMIS	Theater Army Medical Management Information System
TAV	Total Asset Visibility
TCMD	Transportation Control and Movement Document
TIR	Total Item record
TPFDD	Time Phased Force Deployment Data
UA	Unit Assembly
UDR	Universal Data Repository
UK	United Kingdom
UPN	Universal Product Number
UPS	United Parcel Post
USAMMA	United States Army Medical Materiel Agency
USAMMCE	United States Army Medical Materiel Center-Europe
USNS	United States Naval Ship
VA FSS	Veterans' Administration Federal Supply Schedule
VB	Visual Basic
VENEX	Vendor Express
VMI	Vendor Managed Inventory
WMLRP	Wholesale Medical Logistics Readiness Plan
WR	War Reserve
WWW	World Wide Web
WWX	World Wide Express

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RMA

READINESS MANAGEMENT APPLICATION



The comprehensive readiness management tool to access the wholesale readiness posture of any item.

What is the Readiness Management Application?

RMA is a strategic medical materiel management planning tool that provides:

- Product Identification/Recommended Products of Choice data
- Kitting/Assembly Management Planning Data
- 60-Day and 180-Day Services' Readiness Requirements with Industry Capability Assessment
- Contingency Materiel Contract Management Information
- DSCP Prime Vendor, ECAT and Commercial Sales Visibility

Improving Readiness Logistics

Because medical technologies and medical products change rapidly, in order to keep pace the Department of Defense (DoD) medical logistics supply chain has responded by adopting commercial practices such as Prime Vendor and Just-In-Time inventory. Additionally, fiscal realities limit DoD's ability to buy, stock, maintain and constantly replace large stores of rapidly changing medical materiel in peacetime. As a result, determining how to best obtain medical materiel for mobilization in contingency situations has become increasingly complicated. The development of RMA has grown out of this situation. RMA shows what is needed for contingencies and who manufactures and distributes the needed materiel. RMA's Recommended Products of Choice (RPOC) functionality recommends commercial products that should best meet the Warfighter's projected readiness needs. RPOC ties National Stock Numbers (NSN) to commercial product identifiers.

Benefits of RMA

The Readiness Assessment modeling capability of RMA provides the user the ability to perform what-if simulations that project the ability to meet contingency requirements given user-selected modeling assumptions. This tool assists contingency contract managers in determining what to put on contract given limited funding. This action not only improves the readiness posture of the Warfighter, but also reduces the cost of readiness.

RMA allows the medical logistical planners to continually assess the ability of the medical supply chain to meet the ever-changing needs of the Warfighter and provide the trusted logistics intelligence critical to success on the battlefield.

Readiness Management Application

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DSCP MEDICAL READINESS

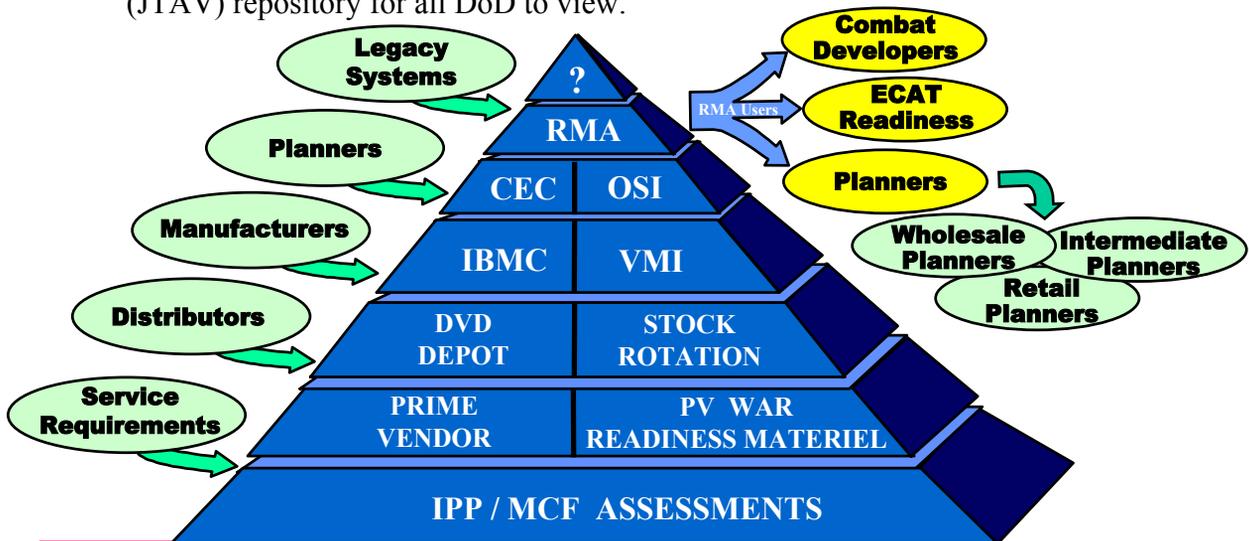


Vision

The Medical Directorate's readiness vision to meet the challenges of "Supporting America's Fighting Forces" is a comprehensive, iterative concept of various building block programs which provide a continuum of acquisition and support options. DSCP is actively working the readiness concept by developing new and innovative partnerships with the healthcare industry. The readiness program partnership's focus is on buying response and access to inventory, vice purchasing inventory, to guarantee healthcare materiel support for the Services. Our goal is to be the Services' logistics support system of choice for medical materiel and services by employing velocity management techniques and focused logistics. Our objective is to meet the surge and sustainment needs of the Services' with 100% availability of materiel for both planned and unplanned requirements.

Concept

The Medical Directorate has developed and is continuing to develop acquisition and support strategies to meet the above challenges and the challenges of Joint Vision 2010. Utilizing inputs from various sources, DSCP's readiness and support concept is built as a pyramid. Each block plays an important and specific role in meeting the Services' requirements. Industrial Preparedness Planning (IPP) and Medical Contingency File (MCF) assessments are the foundation; Depot Stocks/Direct Vendor Delivery and the Prime Vendor program are the cornerstones; Stock Rotation, Prime Vendor Surge, Vendor Managed Inventory (VMI), Corporate Exigency Contracts (CEC), and Medical Commercial Product Visibility (MCPV) are the critical healthcare industry partnerships. The Readiness Management Application (RMA) serves as the focus application tool that will allow DSCP-Medical and the Services the ability to utilize, via one database, the DSCP readiness information and visualize the total coverage available for the Services' medical requirements. The RMA will feed data and information, through the Medical Logistics TAV, to the Joint Total Asset Visibility (JTAV) repository for all DoD to view.



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Supporting America's Fighting Forces

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