

An OEM approach to meeting the NDAA requirements

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imagination at work

GE Intelligent Platforms

A division of GE which includes

- Military & Aerospace
 - Embedded COTS and Custom computing technologies
- Control & Communications Systems
 - Solutions for critical infrastructure and manufacturing operations
- Industrial Software

Global Counterfeit Avoidance Policy

First issued in 2007

Subsequently revised to align with AS5553

- Purchasing organisation responsibilities defined
- Quality organisation responsibilities defined
- Training requirements
- Qualification of independent distributors
- Flow down of requirements to independent distributors and Contract Equipment Manufacturers (CEM)

Purchasing Responsibilities include

- Trained personnel in counterfeit component avoidance
- Whenever possible, purchase directly from OCM or franchised distributor
- If grey market purchase required, utilize GE-IP approved independent distributors
 - If only source is un-approved distributor, Business Leader approval is required for purchase to proceed
- Fully comply to GE-IP Purchasing Specification for Procured Components
- Additional acceptance criteria for components purchased from independent distributors
- Update Purchase Orders to reflect the additional requirements to suppliers

Quality Responsibilities include

- Trained personnel in counterfeit component detection
- Detailed inspection of all independent distributor sourced parts.
 - Customer supplied parts are treated as independent distributor purchases and subjected to the same detailed counterfeit inspection on receipt.
- Flow down of our requirements to CEM's and on-site auditing to ensure compliance.
- Generation of monthly metrics

An Independent Distributor must...

Fully comply to GE-IP Purchasing Specification for Procured Components:

- Personnel trained in counterfeit component detection
- Provide traceability documentation
- Conduct all necessary tests to validate authenticity of parts
 - Visual / Physical / De-cap / Electrical
- Maintain a record of results



Every delivery must be in full accordance with this specification



Each independent distributor must sign up to this specification

CEM Flow Down Responsibilities

- Must have a Counterfeit Component Policy
- Trained personnel in counterfeit component avoidance & detection
- Compliance to GE-IP Purchasing specification for procured components
 - Only use GE-IP approved independent distributors
- Detailed inspection of all independent distributor sourced parts
 - Record the inspection undertaken and results
- Provide monthly metrics

Problems with NDAA legislation

Pre-approval of independent distributor purchases –

- Following the approval of the FY12 NDAA, increasing numbers of our customers are requesting notification to approve all independent distributor purchases prior to their procurement.
- GE IP purchase parts in advance of customer orders and do not pre-allocate parts to particular customer orders - we manufacture COTS products.
- Working with customers on a case-by-case basis to determine the best way to address their requirements.

Problems with this NDAA legislation

US Trusted Supplier list

- USA Trusted Supply list is currently totally inadequate for non-franchised distributors
- It has no international content and will force all subcontractors to buy from USA sources
- Access to being listed involves being audited by a US government department
- It is not known if international companies will be considered for this list
- Will cause an initial 'bottleneck' as all OEMS will have a different list of non-franchised distributors they want audited first

Problems with this NDAA legislation

GIDEP

- The GIDEP process works well within the USA but it has significant problems for international users
- International companies in the US DoD supply chain cannot access GIDEP
- As an example, GE Aviation Systems US campuses have access to GIDEP but, they cannot export these GIDEP reports internationally as they are ITAR classified
- There is reluctance in providing input into the GIDEP database, as counterfeiters may also potentially have access to the information

Summary

- GE-IP have implemented robust processes and procedures
 - Training
 - Purchasing
 - Quality
 - Flow down
 - Monthly metrics
- NDAA legislation problems
 - Pre-approvals
 - Trusted Supplier
 - GIDEP
- GE-IP will continue to work with customers and authorities

Questions?