



VENDOR DEMOGRAPHICS – WORKING DRAFT

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OVERVIEW

Overview

- FY20 NDAA Section 224 identifies elements required to be considered in the evaluation of suppliers for DoD microelectronics
- The vendor demographics criteria to be evaluated for each microelectronics part acquired include manufacturing location(s), company ownership, and workforce composition
 - Provide a list of terms needed to be defined with a straw man to provoke conversation
 - Notes to consider in the discussion
 - Solicit refinement on common understanding

Candidate Risks

- Evaluation of this risk is required by FY20 NDAA Sec 224

VENDOR DEMOGRAPHICS

DEVELOPING CRITERIA

When developing criteria:

- Align to existing authorities: utilize existing lists by established authorities
 - Defer to equity owners (e.g., Dept. of State, Dept. of Commerce)
 - Don't reinvent the wheel
- Prohibited criteria should be limited to regulatory elements

CANDIDATE CONSIDERATIONS

- Manufacturing Location
- Company Ownership
- Workforce Composition
- Access During Manufacturing
- Reliability of the Supply Chain

MANUFACTURING LOCATION

CANDIDATE CONSIDERATION, CRITERIA

Required by
Sec 224

Consideration

- “Manufacturing” refers to locations in the supply chain that conduct development and/or fabrication activities
- Manufacturing location: a complex that could consist of several buildings filled with machinery, where workers manufacture items or operate machines in accordance with the process which transforms into the final item
- What matters are that there are many locations along the way to build the part that should be part of the definition
- Origin of the material, dependency upon remote technology for operations?
- Example — auto built in Detroit and all materials made in Mexico what are the assurance factors associated with that?
- What are the impacts to the supplier base if this is used as a discriminator in vendor selection? As a factor in risk analysis?

Criteria

- What should be the minimal criteria for secure microelectronics used in DoD/NCI systems?

COMPANY OWNERSHIP

CANDIDATE CONSIDERATION, CRITERIA

Required by
Sec 224

Consideration

- Company HQ and immediate region ownership that maintains oversight over the facility and/or corporate office being contracted with
- Company ownership refers to the control over an enterprise, providing the power to dictate the operations and functions. Includes the structure of ownership (public/private) board, shareholders, etc.
- Foreign ownership? Laws which company operates in? FOCI, CFIUS, ITAR/EAR and other trade considerations?
- What are the impacts to the supplier base if this is used as a discriminator in vendor selection? As a factor in risk analysis?

Criteria

- What should be the minimal criteria for secure microelectronics used in DoD/NCI systems?

WORKFORCE COMPOSITION

CANDIDATE CONSIDERATION, CRITERIA

Required by
Sec 224

Consideration

- Demographics (age, education, citizenship, etc.) and the ability of workers to perform the required functions. The mapping of critical tasks to the appropriate human resources.
- The ability of those workers to perform the right level of that have the right tickets to have access to specific intellectual property
- Training
- Employee vetting or screening
- Citizenship or permanent residence
- What are the impacts to the supplier base if this is used as a discriminator in vendor selection? As a factor in risk analysis?

Criteria

- What should be the minimal criteria for secure microelectronics used in DoD/NCI systems?

ACCESS DURING MANUFACTURING

CANDIDATE CONSIDERATION, CRITERIA

Required by
Sec 224

Consideration

- Internal, external access by government and non-government entities. Security, personnel access control, etc.
- Also asked of the supply chain protection area breakouts
- What access do you have to the IP and data during manufacturing? How do you protect the confidentiality of the IP and data and access to it? What are the mitigations to the access?
- What access do you have to alter or sabotage the operations?
- What access do you have prevent the availability of manufacturing or the parts?

Criteria

- What should be the minimal criteria for secure microelectronics used in DoD/NCI systems?

RELIABILITY OF THE SUPPLY CHAIN

CANDIDATE CONSIDERATION, CRITERIA

Required by
Sec 224

Consideration

- Also asked in the Procurement Management breakout —
- Supply chain reliability refers to the degree to which a supply chain yields consistent performance.
 - Should include interferences from natural disaster, redundancy, suppliers portability, access to power, access to resources
 - Counterfeit Prevention
 - Obsolescence and Materials Shortages
 - Contracting Considerations
 - Data Access
 - Reliability of the supply chain

Criteria

- What should be the minimal criteria for secure microelectronics used in DoD/NCI systems?

VENDOR DEMOGRAPHICS

CANDIDATE CRITERIA

LoA: A	<ul style="list-style-type: none">• Workforce Composition:• Location & Ownership:<ul style="list-style-type: none">• US Only• FVEY (?)• EAR NS1 (?)
LoA: B	
LoA: C	<ul style="list-style-type: none">• unknown / uncontrolled
LoA: D	<ul style="list-style-type: none">• DoS, DoC banned, embargoed lists