

LEA

December 21, 2011

NOTICE TO THE TRADE - DeCA NOTICE 12-24

SUBJECT: Request for Information (RFI) - Industry Interest in an Accelerated Payment Program

The purpose of this Notice to the Trade is to solicit input from current DeCA resale suppliers' regarding their interest in a third-party finance program.

DeCA has been approached by a commercial financial institution expressing an interest in providing DeCA with a type of program whereby DeCA's vendors would have the option to sign up for a type of accelerated payments program. Prior to committing resources towards the development of this type of program, DeCA is interested in ascertaining whether our current product providers would be interested in this type of service – should it be made available.

Under the terms of its current contracts, DeCA will pay suppliers for products delivered and received in accordance with terms of the Prompt Payment Act, as amended. For resale products, a typical billing cycle may consist of the following scenario:

- Suppliers send multiple shipments/invoices to DeCA
- DeCA “rolls-up” 15 days worth of invoices, reconciles them, and approves a single cumulative invoice for payment
- DeCA forwards the approved invoice to DFAS for payment
- DFAS transmits payment to the supplier

Payments are released to suppliers in accordance with payment terms of their respective contracts and/or agreement, which may be Net 7, Net 10, Net 23, or Net 30. Of note is the fact that the Department of Defense recently implemented changes to the Defense Federal Acquisition Regulation Supplement which allows for accelerated payments to small business concerns once all required documentation is received. This DoD program is automatic and requires no special actions on the part of our suppliers. It is important to note that this DoD program is unrelated to the additional program for accelerated payments now being considered by DeCA. Since small business concerns are already receiving payments at the earliest opportunity, it is expected that the proposed plan being considered by DeCA would most likely benefit those firms that are other than small business.

The concept of this proposed plan would be as follows: The owner of an account receivable, which is the DeCA supplier, can elect to sell its rights and interests in the account receivable to a third party financier, in exchange for an early cash payment equal to the value of the receivable, less a discount charge. The exact time period of the accelerated payment and the associated fee associated with this service would be negotiated directly between the DeCA

supplier and the financial institution. DeCA would play no active role in this process, other than to release the payment information data files to the financial institution.

Prior to pursuing any such business plan with a commercial source, DeCA is interested in determining whether there is adequate interest in such an option from our current industry contractors. For those firms that may be interested, please provide the following information in your response:

- Name & complete address of the contractor
- Contact information for the contractor (name, phone & e-mail)
- Approximate average dollar value of payments from DeCA – annual
- A complete list of the current Resale Ordering Agreements (ROAs) or formal contracts that the firm may consider for inclusion under this program – if offered.

Interested firms should provide the information to the undersigned at the following e-mail address: [deca.responses@deca.mil](mailto:deca.responses@deca.mil). Firms that are not interested in this program at this time need not reply. All responses should be submitted no later than January 12, 2012.

//signed//  
Lawrence P. Hahn  
Director, Acquisition Management