



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO

August 07, 2012

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 1027,
Revise DLMS 527D Prepositioned Materiel Receipt (PMR) to add First Destination
Packaging Indicator in Support of DLA's First Destination Transportation Packaging
Initiative (FDTPI) and Administrative DLMS 527D Update (Supply)

We are forwarding the attached proposed change to Defense Logistics Manual (DLM) 4000.25, Defense Logistics Management System (DLMS), for evaluation and submission of a single coordinated DOD Component position. It is the responsibility of the Component Supply PRC representative to ensure full coordination of the proposal within your Component.

Request you review the attached proposed change and provide your comments/concurrence to DLA Logistics Management Standards Office not later than **30** days from the date of this memorandum. If non-concurrence is provided, please provide an alternate method to meet the requirement being addressed.

Addressees may direct questions to Ms. Mary Jane Johnson, (703) 767-0677; DSN 427-0677 or email: Mary.Jane.Johnson@dla.mil. Others may direct questions to their Service or Agency designated Supply PRC representative.

DONALD C. PIPP
Director
DLA Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD(SCI)
Defense Packaging Policy Group

ATTACHMENT TO PDC 1027
Revise DLMS 527D Prepositioned Materiel Receipt (PMR) to add First Destination Packaging Indicator in Support of DLA's First Destination Transportation Packaging Initiative (FDTPI) and Administrative DLMS 527D Update (Supply)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION: Technical POC:
Defense Logistics Agency (DLA) HQ – J334, 703-767-6582

2. FUNCTIONAL AREA:

a. Primary/Secondary Functional Area: Packaging

b. Primary/Secondary Functional Process: Materiel Receipt/Warehousing/Care of Supplies in Storage (COSIS)/Preservation, Packing, Packaging and Marking (PPP&M)

3. REFERENCES:

a. DLA's First Destination Transportation Packaging Initiative (FDTPI) CONOPS

b. American Standards for Testing Material (ASTM) D-3951 (latest revision)

c. MIL-STD-2073-1 (latest revision)

d. DOD 4140.1-R, DOD Supply Chain Materiel Management Regulation, May 2003,
<http://www.dtic.mil/whs/directives/corres/pdf/414001r.pdf>

4. REQUESTED CHANGE(S):

a. Brief Overview of Change: The DLMS 527D PMR (New Procurement) transactions require an additional data element (First Destination Packaging (FDP) Indicator) to identify contracts and NSNs that are part of the DLA FDTPI program.

b. Background: DLA currently relies on its vendor network to provide packaging in accordance with contract requirements. A rough order of magnitude business case analysis was completed by DLA Operations Research and Resource Analysis (DORRA) indicating DLA may be able to achieve savings and would likely gain supply chain efficiencies by streamlining its current packaging policies and practices by expanding the use of commercial packaging. Materiel not requiring additional packaging will either be stored, if for stock, or shipped to DLA's customers (e.g., CONUS activity, other DLA depot) in the same commercial packaging in which the item was originally received. Materiel requiring MIL-STD packaging based on destination DODAAC/end use (e.g., OCONUS, ocean bound, warzone) will have additional packaging applied by DLA Distribution personnel at time of shipment.

In order to meet this new requirement, DSS will establish a new field entitled 'FDP' in DSS to accept the new document type indicator 'Y' (Yes), 'N' (No) or Null. [**STAFFING NOTE:** For the 527D PMR, only FDP Indicator 'Y' will be passed.] The indicator will be used to identify each procurement contract line item (CLIN) authorized for commercial packaging.

There will be a FDTPI Transportation indicator of ‘Y’ and ‘N’ established also, but it will be used for transportation purposes and is outside the scope of this PDC. This new data field will be added to the DSS Quick Induct Screen. A pop-up message to the receiving operator will include the following verbiage for each CLIN that includes an FDP indicator: ‘First Destination Packaging (FDP) is applicable. Packaging shall meet the requirements of ASTM D-3951 (reference 3.b.) and MIL-STD-129 marking and labeling.’”

c. Describe Requested Change in Detail:

(1) This change proposes adding a First Destination Packaging indicator (one position alphabetic character) to the DLMS 527D PMR transaction that will identify those contracts specifying ASTM D-3951 commercial packaging specifications, MIL-STD-129 marking requirements and additional procurement requirements.

(2) Established validations in DLA EBS and DLA eProcurement will dictate whether the NSN is eligible for commercial packaging. If eligible, DLA eProcurement/Enterprise Resource Planning (ERP) Central Component (ECC) (ECC is a module within DLA eProcurement) will include a new FDP Packaging indicator of ‘Y’, ‘N’, or ‘Null’. When the FDP indicator value is ‘Y’, the indicator will be passed with existing PMR data.¹

(3) DLA ECC will pass the FDP First Destination Packaging indicator of ‘Y’ to DSS via DLMS 527D PMR transaction (new procurements only).

d. Administrative DLMS 527D Change unrelated to DLA First Destination Packaging: Administrative change to delete obsolete ‘Third Level Packing – Level C’ from DLMS 527D, 2/LQ01/200. While the DLMS 527D is open for revision by this PDC, remove 2/LQ01/200 Qualifier JH-Packing Requirement Level C Code. Rationale: In latest iteration of MIL-STD 2073-1 (reference 3.c.), the Level C Packing Code no longer exists. There are two military levels of packing. The third level of packing - Level C, was deleted during MIL-STD-2073-1C revision. **STAFFING NOTE FOR DLA:** Request DLA review, and comment if this code should not be deleted. Refer to the DLMS 527D Change Table at Enclosure 2.

e. STAFFING NOTE FOR DLA: DLA Logistics Management Standards Office proposes adding the First Destination Packaging indicator to the CS segment in Loop ID CS at 2/CS/140. Loop ID CS was added to the 527D PMR years ago as a result of Modernization of Defense Logistics Systems (MODELS) Enhancement 89-104, submitted by DLA. (MODELS evolved into DLMS). Loop ID CS provides select contract data and MIL-STD-2073-1 preservation and packaging information to facilitate the receiving process and reduce the requirement for hard copy contracts at receiving storage activities. By a separate action from this PDC, DLA Logistics Management Standards Office will request that DLA validate the relevancy/need for the overall data added to LOOP ID CS by the MODELS enhancement, and whether the enhanced data is, or will be, implemented, or if some of the data is no longer relevant in the PMR because it is available at the storage activity through other means.

¹ DLA EBS is the system that maintains all item data and related actions; i.e., the materiel master with NSN, part number, drawings, technical data, packaging, quantities, quality notifications, inspections, etc. DLA eProcurement is the procurement system; i.e., the system in which they produce all solicitations and awards.

f. Revisions to Defense Logistics Manuals (DLM) 4000.25:

(1) Revise DLM 4000.25, DLMS:

(a) Revise References to add *American Standards for Testing Material (ASTM) D-3951 (latest revision)*

(b) Revise DLMS, Volume 2, Supply, Chapter 12, Due-In and Advance Receipt Information, as shown in the Enclosure 1.

(2) Revise DLMS Supplement 527D as shown in Enclosure 2.

g. Proposed Transaction Flow: No changes to transaction flow are required.

h. Alternatives: None available at this time.

5. REASON FOR CHANGE: This change will ensure the distribution depots are notified during the receipt process of contracts that are part of the First Destination Packaging effort and include ASTM D-3951 commercial packaging and MIL-STD-129 marking and labeling requirements. Since DSS will also include this new indicator, metrics will be built to measure potential packaging cost savings.

6. ADVANTAGES AND DISADVANTAGES:

a. Advantages: This change will meet the proposed business changes of packaging DLA materiel. It will enable a DLA program that results in cost savings as noted in the Estimated Savings section below.

b. Disadvantages: This proposed change may receive non-concurrence from Service components that are arguably opposed to commercial packaging. Currently, the majority of packaging Supply Discrepancy Reports (SDR) result from non-compliant labeling and RFID in accordance with MIL-STD-129. It is anticipated that the use of commercial packaging will reduce packaging SDRs. However, there is also concern that there may be an increase in SDRs due to inadequate packaging during transportation and storage, damaged product, and improper labeling. MIL-STD-129 will remain a requirement under this concept; therefore, a decrease in non-compliant labeling is undefined. Services may also non-concur with this concept as it may impact long-term strategic planning in that commercial packaging does not offer standardized packaging. The packaging of a product may be different with every purchase changing the configuration of the package. Risk mitigation strategies will be presented to the DOD community via the implementation plan; such as, performance of Care of Supplies in Storage inspections on FDP NSNs on an annual basis to ensure packaging integrity. If degradation is apparent, a Storage Quality Control Report (SQCR) will be forwarded to DLA for disposition or repackaging remediation will be performed.

7. ADDITIONAL COMMENTS TO CONSIDER: Under the proposed concept, specific business rules and additional criteria need to be established to identify when military packaging is required outside the parameters identified for routine re-packaging by the distribution depot (such as OCONUS, ocean bound, warzone shipments that can be derived from the ship-to

DoDAAC). For example, shipments to units scheduled to deploy may require military packaging, and this could not be triggered by the ship to DoDAAC/address alone. It is not clear at this time what factors will be employed, but selected project codes (e.g., CJCS/OSD project codes) and special requirements codes/coded required delivery dates (e.g., 999) may need to be taken into consideration. A new PDC would be required to identify the specific business rules prior to approval/implementation. Additionally, it may be necessary to enhance the materiel release order to notify the depot when military packaging is required outside the parameters identified for routine re-packaging.

8. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: DLA's target implementation date is March 2013.

9. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: Per the rough order of magnitude business case analysis prepared by DORRA, the cost savings is presented at \$70-120M annually to accept materiel packaged commercially to first destinations and repackage to military standards to second destinations when shipped to OCONUS customers or deployed Navy ships.

10. IMPACT:

a. **New DLMS Data Elements:** Add new data element for the First Destination Packaging Indicator.

b. **Changes to DLMS Data Elements:** Delete the Level C packing code as noted.

c. **Automated Information Systems (AIS):**

(1) DLA EBS, DLA eProcurement, and DLA DSS will require changes to reflect the additional data element and SCRs are being developed in conjunction with this PDC.

(2) There are no changes required to other DOD Component AIS, unless they elect to implement the same indicator within their new procurement shipments to a designated DOD storage activity.

d. **DLA Transaction Services:** Update the DLA Transactions Services 527D mapping as needed to reflect this additional data element in this PDC.

e. **Non-DLA Logistics Management Standards Publications:** DLA Logistics Management Standards Office noted that consideration should be given to updating DOD 4140.1-R, May 2003, DOD Supply Chain Materiel Management Regulation (reference 4.d.), to address the FDP concept. Although the DOD guidance encourages use of commercial packaging when it is cost effective, the current DOD 4140.1-R, wording also specifically states:

"C8.7.2.13. When procuring items, the DoD Components shall specify items' packaging and marking requirements in acquisition documents to prevent needless repackaging and upgrading of packaging at the receiving activity."

However DLA J33 advises that there is already an update to DOD 4140.1-R which will remove the wording above. DLA also advises that changes to DOD regulations are forth coming which will address commercial packaging practices.

ENCLOSURE 1 TO PDC 1027

Revise DLM 4000.25, DLMS, Volume 2, Chapter 12 as shown below (significant changes are identified by red bold italics and strikethrough)

C12.3.1. Due-In Information Requirements. IMM shall provide maintenance and storage activities with due-in information for scheduled materiel receipts by providing them with ***prepositioned materiel receipt (PMR) transactions, also known as*** ARI transactions ***in DLMS***. For due-ins from procurement instrument sources, IMM shall include applicable contract information and packaging data, to facilitate the receiving process and reduce the need for hard copy contracts at the receiving activity. As part of the contract information, the IMM shall include indicators identifying whether the contract required ***item*** unique identification (***IUID***), passive Radio Frequency Identification (pRFID)² ***or commercial packaging in accordance with ASTM D-3951***.

C12.3.2. Storage Activity Requirements. Storage activities receiving DLMS 527D ***PMR/ARI*** shall keep them in ~~an ARI~~ ***a PMR*** file pending receipt of the materiel or the receipt of updates to the ***PMR ARI*** from the IMM. Storage activities may use the ***PMR/ARI*** contract information and packaging data to facilitate the receiving process.

C12.3.2.1. Passive RFID. ~~***PMR ARI***~~ notice that a shipment contractually requires passive RFID shall allow preplanning so that the incoming shipment may be directed for offloading at the RFID reader location and provides a basis for submission of a Supply Discrepancy Report (SDR) in accordance with SDR procedures should the vendor fail to employ the required RFID.

C12.3.2.1.1. Upon request of the IMM, Defense Automatic Addressing System (DAAS) is authorized to support DLMS implementation of this process by inserting the pRFID indicator in the ARI as the transaction processes through the DAAS. IMM shall provide specific criteria for use by the DAAS to prevent improper assignment of the indicator. This DLA Transaction Services procedure is an interim “work-around” pending IMM implementation of integrated ~~logistics~~ ***logistics*** and contract administration processes so that the ~~contractual~~ ***contractual*** requirement for pRFID can be programmatically identified and positioned in the ~~***PMR ARI***~~ transaction.³

C12.3.2.1.2. DLA Transaction Services shall maintain a table containing criteria to be used in determination of applicable ***PMRs/ARIs***. Criteria may specify excluded contract numbers, excluded commodities (by FSG or FSC), Service/Agency originating the ***PMR/ARI***, specific characters within the contract number, and location of the storage activity (e.g. CONUS).

C12.3.2.2. Item Unique Identification. ~~***PMR ARI***~~ notice ~~e~~ that a shipment contractually requires ~~***item unique identification (IUID)***~~ provides a basis for submission of supply

² DLA DSS will implement these new procedures IAW Approved DLMS Change (ADC) 172 in January 2007, enabling DSS to use the indicator when the IMM provides it in the 527D ***PMR/ARI*** transaction.

³ Refer to ADC 297, DLA Transaction Services Passive Radio Frequency Identification (pRFID)-Required Exclusion Table for DLMS 527D ARI/~~***Prepositioned Materiel Receipt (PMR)***~~. At the time of implementation, DLA is the only participating Component.

discrepancy reports (SDR) in accordance with SDR procedures, should the vendor fail to employ the required IUID.

C12.3.2.3. First Destination Packaging. A First Destination Packaging indicator in the PMR notifies the receiving storage activity that the contract includes commercial packaging requirements in accordance with ASTM D-3951 and MIL-STD-129 marking and labeling. Non-compliance provides a basis for submission of SDRs in accordance with SDR procedures, should the vendor fail to employ the required standards.⁴

⁴ Refer to PDC 1027.

ENCLOSURE 2 to PDC 1027

#	Location	DLMS Supplement 527D PMR Revision	Reason
1	DLMS Intro Notes	<p><u>Add to DLMS introductory note 6:</u> ---PDC 1027, Revise DLMS 527D Prepositioned Materiel Receipt (PMR) to add First Destination Packaging Indicator in Support of DLA's First Destination Transportation Packaging Initiative (FDTPI) and Administrative DLMS 527D Update (Supply)</p>	Identifies change associated with the transaction.
2	2/CS/140	<p><u>Revise segment level DLMS notes to add new note #2:</u></p> <p>1. Use the 2/CS/140 loop in procurement source prepositioned materiel receipt/advance receipt information transactions only. This loop provides selected contract data and MIL-STD-2073-1 preservation and packaging information to facilitate the receiving process and reduce the requirement for hard copy contracts at receiving storage activities. The associated contract information (e.g., contract number, contract line item number (CLIN)) is identified in 2/CS/20. Do not use when reversing a transaction. The 2/CS/140 loop is a DLMS enhancement. See introductory DLMS note 4a.</p> <p>2. This CS segment is authorized for use with procurement source PMR transactions, to provide First Destination Packaging indicator, passive RFID indicator, and Item Unique Identification (IUID) indicator.</p> <p>3. The 2/CS/140 loop is a DLMS enhancement. See introductory DLMS note 4a.</p>	Supports DLA requirement for First Destination Packaging indicator in 527D PMR.
3	2/CS04/140	<p><u>Open CS04 with qualifier 78 and DLMS Note:</u></p> <p>78 Work Package</p> <p>DLMS Note: Use to provide the First Destination Packaging Indicator when applicable. Use only with procurement source PMR transactions, for LIN01 code value A. Enter 'Y' (for yes) in CS05 to indicate that the contract requires item packaging in accordance with American Standards for Testing Material (ASTM) D-3951 (latest revision).</p>	Supports DLA requirement.
4	2/CS05/140	Open CS05.	Supports DLA requirement.
Administrative 527D Revision:			
5	2/LQ01/200	<p><u>Delete the qualifier JH and DLMS note:</u></p> <p>JH — Packing Requirement Level C Code</p> <p>DLMS Note: DLMS enhancement; see introductory DLMS note 4a.</p>	<p>Administrative Update while 527D is open for revision.</p> <p>DLA Log Management Standards Office understanding is that there are two military levels of packing. The third level of packing - Level C, was deleted during MIL-STD-2073-1C revision.</p>