

DRAFT....COMPANY
Unique Identification (UID) Implementation Approach
February 10, 2005
(Supersedes: May 25, 2004 Document)

1. DOCUMENT PURPOSE.

Unique Item Identifier (UII) means a set of data elements marked on items that is globally unique and unambiguous; and Unique Identification (UID) means a system of marking items delivered to the Department Of Defense (DoD) with unique item identifiers that have machine readable data elements to distinguish individual items from all others.

This is the most current UID and Radio Frequency Identification (RFID) implementation guidance to COMPANY business areas and units. This document is not contractually binding and may be updated as necessary by COMPANY without notification to DoD.

2. DoD REQUIREMENTS.

UID–New Solicitations and Acquisitions (Part A): In July 2003, DoD announced a Defense Federal Acquisition Regulation Supplement (DFARS) policy for UID of specified tangible items to be required on new solicitations issued on or after January 1, 2004. Interim DFARS 211.274-1 and DFARS clause 252.211-7003 have been issued to direct implementation of the policy. MIL-STD-130L w/ Change 1 required the use of 2D Data Matrix technology and is incorporated in contracts that include the DFARS clause. The UID contract requirement includes the physical marking of specified items and providing associated data elements which are to be processed through Wide Area Workflow (WAWF) and/or flowed directly to the DoD UID Registry.

UID–Government Furnished Property (GFP) at Contractor Locations (Part B): DoD's requirement for UID marking of GFP at contractor sites is expected to be effective January 1, 2006. DoD's tentative plan for implementation is to use virtual UIIs for GFP at contractor locations with the physical marking of GFP with 2D Data Matrix technology when the GFP is moved to another [Commercial and Government Entity \(CAGE\)](#) Code or Government location. We expect DoD will require Contractor submission to the UID Registry a listing of all existing GFP no later than January 1, 2006 and submission of a final 2005 DD Form 1662, DoD Property in the Custody of Contractors, March 2006.

RFID–Palletized Unit Loads, Exterior Containers, Nested UID Packages and OCONUS Shipped Level 4 Containers (Part C): On October 2, 2004, DoD released an updated policy for use of passive RFID on palletized unit loads, exterior containers and UID nested packages. Also, it the required use of active RFID on Level 4 containers shipped OCONUS. MIL-STD-129P Change 3 has been issued to direct implementation of the policy. The DFARS rule on RFID has not been issued so there is no general RFID contractual requirement. The RFID requirement was expected on DoD solicitations issued after October 1, 2004 for 2005 product deliveries to DoD's San Joaquin and Susquehanna locations. In 2006, we expect RFID tagging requirements for deliveries to all DoD depots and in 2007 we expect nested UID packages to require RFID tagging. RFID also involves supplying associated data elements, via an Advance Shipping Notice, which are flowed to WAWF and/or to the Distribution Standard System (DSS). Implementation dates may slip because the DFARS rule to implement RFID has been declared a significant rule by the Office of Management and Budget (OMB). That means

DoD must complete and submit a detailed cost/benefit analysis for review by OMB before OMB will consider releasing a proposed RFID rule for public comment.

UID–Existing Legacy Property in Inventory and Operational Use (Part D): On December 23, 2004, the UID Policy was updated and now indicates the intent to apply UID to existing tangible property items in inventory and operational use. The Office of the Secretary of Defense's (OSD's) goal remains the same: Complete UID marking of items and all specified embedded assets by December 31, 2010. It is recognized that programs will have different levels of completion by 2010 because fielded items are not to be removed from service for the sole purpose of UID marking. Programs or items phased out of inventory by December 31, 2010, are to be set apart in plans as a UID exemption. The Director of the Defense Contract Management Agency (DCMA), with industry partners, will continue to lead the development of strategies using Single Process Initiatives (SPIs) and block changes to expedite UID implementation and DCMA will publish a quality assurance plan. A SPI should be pursued only when we are willing to execute block changes to our contracts for which we receive no compensation because the benefits and costs are in balance. Other types of agreements may be appropriate and should be pursued when necessary.

The policy requires DoD Officials to submit DoD UID implementation plans as follows: (1) DoD ACAT ID programs to OSD by June 2005, (2) all other programs to their Milestone Decision Authorities (MDA) by January 2006, (3) Deputy Under Secretary of Defense (Logistics and Materiel Readiness) to publish by May 31, 2005 an initial plan for DoD organic depot maintenance operations and full operating capability at all organic depots in place NLT Fiscal Year FY 2007. FY 2007 is planned as the year when serialized assets are entered into the DoD UID registry and UID marking can commence as legacy items are returned for maintenance. Expected outcomes for CY 2005: (1) OSD UID budget guidance to components by April 2005, (2) 2010 UID Exemption List published for sun-setting programs, (3) DoD UID Planning Program Manager (PM) workshops.

The updated policy also indicates that the requirement for acquisition data is optional for Part D legacy items. Modified contracts will indicate which legacy items will require acquisition data. UID involves the physical marking of specified items along with supplying the government acquisition cost (as required) and additional associated data elements which are processed through WAWF and/or directly to the UID Registry.

MIL-STD-130L, Department of Defense Standard Practice for Identification Marking of US Military Property, – Change 1 requiring the use of 2D Data Matrix technology has been issued. MIL-STD-130M is also currently under draft review by government and industry.

NOTE: Remember, the only binding requirements on COMPANY are those included in contracts we are awarded. Hence, any discussion of GFP, RFID, and Legacy Property (Parts B, C, and D) is for planning purposes only.

3. PARTNERSHIP CAPABILITIES.

COMPANY will cooperate with its DoD customers, the Office of the Secretary of Defense (OSD), Defense Contract Management Agency (DCMA), UID and RFID Program Offices, Industry Associations and its Supplier Base to ensure COMPANY complies with contractual UID and RFID requirements.

4. IMPACT.

UID requirements will impact the majority of COMPANY entities because they require new part marking technology, application, valuation and data insertions into existing processes. RFID requirements, when implemented, will impact the majority of COMPANY entities because they require new or additional RFID technology, application and data insertions into existing processes.

Higher Impact Drivers:

*Large Amount of UID Required Property
Multiple Marking Processes
Direct Part Marking/Re-Design Requirements
Engineering Drawing Changes
No 2D Data Matrix Capability/Specifications
Majority of Supplier Base Not UID Capable
No RFID Capability
Full Information System Integration
Post Contract Planning*

Lower Impact Drivers:

*Small Amount Of UID Required Property
Common Marking Process Exists
Label/Name Plate Markings Can Be Applied
Alternate Method To Eng. Drawing Changes
2D Data Matrix Capability/Specs. Exists
Majority of Supplier Base UID Capable
RFID Capability Exists
Minimal Information System Integration
Upfront Planning*

5. PHASED IMPLEMENTATION STRUCTURE.

UID and RFID initiatives are significant and implementation plans are necessary to provide business areas and units viable methods to implement the new policies. A COMPANY UID Program Office was established to assist business areas and units in the utilization of common tools, resources and a preparation structure to reduce preparation activities across the COMPANY. Over 50 common toolsets have been developed including estimating toolsets, I-GUIDES, WAWF integration guidance, and subcontractor flow-down guidance. *Attachment 1* provides a listing of common toolsets available.

Phase I: In order to minimize implementation costs and schedule impacts during the initial phase of UID implementation, business units should pursue approaches that do not require changes to part numbers and drawings. Only when such alternative approaches cannot be identified (or are less cost effective) should part numbers and drawings be changed for the sole purpose of incorporating a UID. Even in those cases, the preferred alternative is to consider these minor changes that do not require Configuration Control Board Action. Only as a last resort should changes for the sole purpose of incorporating UID requirements be considered major changes. Program Managers for new COMPANY product lines should give consideration to using UID marking rather than other identification approaches, even if a contract does not yet require UID. Business areas are to integrate WAWF, RFID, GFP, and legacy UID requirements into plans and activities, when feasible.

Phase II: Take advantage of UID and RFID technology/valuation capabilities. Plan for future enhancements, optimization, and institutionalization (year 2006 and beyond).

Reference Document *Attachment 2* provides business areas and units the integrated COMPANY UID communications flow to its points of contact.

Reference Document *Attachment 3* provides business areas and units an implementation checklist to assist in the development of individual implementation plans. The guidance can be tailored to meet the needs of each business unit based on its UID and RFID maturity state.

6. UID MARKING AND VALUATION GUIDANCE (Part A and potentially D).

The following provides Business areas and units guidance based on the interim DFARS 211.274-1 and DFARS 252.211-7003. For marking and valuation, an “item” is defined as a single hardware article or unit formed by a grouping of subassemblies, components or constituent parts required to be delivered, under a Contract Line Item Number (CLIN), Subline Item Number (SLIN) or Exhibit Line Item Number (ELIN), in accordance with the terms and conditions of a contract.

UID Marking Requirements:

- All items for which the Government’s unit acquisition cost is \$5,000 or more. In order to qualify as an item, it must be a contract deliverable under a contract line item, sub-line item or exhibit line item number.
- Items for which the Government’s unit acquisition cost is less than \$5,000, but for which the contract requires unique item identification. The items to be marked must be a deliverable under a contract line item, sub-line item or exhibit-line item number, but they must also be listed in subparagraph (c)(1)(ii) of the DFARS clause 252.211-7003.
- Subassemblies, components, and parts embedded within items if specified in a CDRL or other exhibit specifically listed in subparagraph (c)(1)(iii) of the clause.

UID Valuation Requirements:

When submitting a Material Inspection and Receiving Report for an “item,” contractors must report the Government’s unit acquisition cost (also known as the item’s valuation). However, the Material Inspection and Receiving Report does not require reporting of the Government’s unit acquisition cost (valuation) for embedded subassemblies, components, and parts requiring unique item identification.

COMPANY’s common approach to establishing the appropriate value for the UID items is as follows:

- For fixed-price type line, subline, or exhibit line items, use the unit price identified in the contract at the time of delivery.
- For cost-type line, subline, or exhibit line items, where the estimated cost and fee are discretely provided, use that value as our estimate of the fully burdened unit cost to the Government for the item at the time of delivery. If the estimated cost and fee are not discretely identified, use only the recurring cost plus a proportional share of the estimated fee for the item (unless the non-recurring costs cannot be segregated from the recurring costs) as our estimate of the fully burdened unit cost to the Government for each item at the time of delivery.
- The Government’s unit acquisition cost of embedded subassemblies, components, and parts in delivered items need not be identified.

Contract Strategies:

COMPANY will consider impact of environmental and permanency issues dictated in Mil-Std-130L – Change 1 (or later revisions) and request special contract provisions to mitigate the impact if necessary.

UID/RFID Marking, Tagging And Verification Equipment:

Selection of marking, tagging, and verification equipment (to comply with applied quality requirements) will be based on business area, unit, facility and/or program specific needs.

Parent-Child UID Relationship Approach:

UID requirements will include the reporting of parent-child relationships between the end item UID (UII) and its embedded items UIDs (UIIs) upon the items' delivery. *Attachment 4* defines Parent-Child and clarifies COMPANY's approach to its relationship.

7. UID SUPPLIER FLOW-DOWN.

UID marking is a prime contractor responsibility. The requirements of DFARS 252.211-7003 shall be flowed to subcontractors when paragraph (c)(1)(iii) applies. Flow-down will not be automatic, since it may be more advantageous for COMPANY to mark certain items provided by subcontracts (e.g., commercial items when the subcontractor has no marking capability). Before deciding to mark sub-contractor items, warranty issues must be considered.

Existing supplier/vendor contracts/purchase orders should not be modified for the sole purpose of UID insertion unless considered essential to program(s). Additionally, COMPANY shall not specify the UII construct or the type of data qualifiers to be used by a subcontractor. Subcontractors should determine which construct they will use based on their prevailing method of product serialization.

Communication of UID Requirements to sub-contractors:

- Electronic letters were sent to 1500 COMPANY suppliers in September 2004.
- The Subcontract organization monitors contracts that include UID marking requirements to assure that suppliers comply with UID marking requirements.

8. TRANSITION CONSIDERATIONS.

DCMA is authorized to negotiate transition considerations with industry. Such special consideration should be negotiated when necessary based on product line, UID/RFID maturity status, and cost and schedule impacts. See USD (AT&L) memoranda of September 3 and 23, 2004. COMPANY does not anticipate negotiation of a binding COMPANY-wide agreement, but businesses may choose to negotiate local agreements.

9. COST RECOVERY METHODOLOGY

July 2004, DoD guidance permits flexibility due to the diversity of circumstances surrounding each company's business environment. Costs of the COMPANY UID/RFID team are collected at the COMPANY level and are allocated to each business area based on.....

10. DATA RETENTION.

The COMPANY records retention schedule of, Records Management Program, requires retention of shipping and receiving documentation for 6 years. Retention of RFID/UID information for six years from date of creation of the shipping/receiving record will satisfy the requirements of FAR Subpart 4.7 for retention of RFID/UID information. COMPANY must, however, ensure that once a UID has been used to uniquely identify an item, that same number will not be used to identify any other item. Hence, COMPANY businesses will retain sufficient information on UIIs to preclude reutilization of those numbers when identifying other items in the future.

11. DoD REQUESTS FOR UID IMPLEMENTATION PLANS

COMPANY business areas and units should obtain assistance from their COMPANY UID Business Area Leads in the development of any plans.

12. REFERENCE DOCUMENTS.

Attachment 1 – COMPANY UID IPT Common Toolsets Listing

Most recent Temperature Check can be located at:
Access Instructions can be located at:

Attachment 2 - COMPANY UID IPT Communications Methodology & Points of Contact

Most recent Communications POCs can be located at:

Attachment 3 - Business Unit Implementation Checklist

Attachment 4 – Parent-Child Relationship – Industry View

Most recent Parent-Child Relationship information can be located at:

13. COMPANY CONTACT INFORMATION.

COMPANY UID Program Manager

Document Change History

TITLE: COMPANY Unique Identification Implementation Approach Document

VER	DATE	INFORMATION AFFECTED	PARA.	AUTHORIZED BY