



SUBMARINE INDUSTRIAL BASE COUNCIL

SUPPLIER DEVELOPMENT

Reducing Schedule Risk and Cost Across the Columbia and Virginia Class Programs

The nuclear shipbuilding supply base is poised to ramp up production capacity to support the increased demand associated with the Navy shipbuilding plan. Additional funding is required to achieve this ramp-up. Lack of capacity in the current industrial base poses risk to the Columbia and Virginia Class submarine programs and the Ford Class Aircraft Carrier program. Supplier development must be funded now due to the time necessary to add sustainable capacity and capability to the supply base and to qualify new suppliers to perform this complex work. This investment ensures the larger supply base is available and qualified when the increase in demand starts in 2019. A \$150M investment is needed in FY19 to support supplier development. It is estimated that this investment will save the submarine programs approximately \$850M over the next 17 years.

This Is Not Business As Usual

Current Navy forecasts for submarine build rates indicate that nuclear shipyard-procured material is expected to more than double by 2021. Material needed from the supply base will increase even further if additional attack submarines are added to the shipbuilding plan beyond the rate of two Virginia Class submarines per year.

This Funding Is Needed To

- Enable the shipbuilders to place material orders and help the supply base with capital investments.
- Increase the capacity and capability in the supply base to prepare for the significant increase in the Columbia and Virginia Class submarine programs and the Ford Class Aircraft Carrier program.
- Add additional resiliency and create multiple suppliers for critical components.
- “Prime the pump”—enable identification of points in the supply chain where capacity shortfalls exist.
- Create submarine specific sources of products such as structural fabrication, sheet metal, machining, electrical and standard parts. These suppliers must be developed and qualified to execute work with submarine-specific requirements at a rate and volume that they are not currently prepared to perform. This will require longer lead times (estimates of three years to create a new qualified, critical supplier) than the current funding profile supports.

Supplier Development Must Begin Now

Ramping back up to production levels not experienced in decades won't happen quickly, and requires that the shift to a new paradigm happen expeditiously and methodically across the enterprise. The Shipbuilders will focus on expanding the pool of suppliers which has declined from its peak of 17,000 in the mid-80s (previous peak production) to a stable base of ~5,000 today. Efforts must begin immediately to expand the capability and capacity of the supply base ahead of ship construction.

REQUEST
FOR ACTION

Add \$150M to FY19 Navy SCN, Columbia Class Submarine Advance Procurement Funding for Supply Base Reconstitution.