



SUBMARINE INDUSTRIAL BASE COUNCIL

SUPPLIER DEVELOPMENT

Rebuilding and Revitalizing the Nation's Manufacturing Capacity

Expanding the Industrial Base

The submarine supply base lost approximately 12,000 suppliers since the end of the cold war. Material provided by the submarine supply base is planned to grow by more than 200% over the next five years, after more than two decades of nurturing a fragile industrial base where 3 out of 4 suppliers are single or sole source.

Congressional Support Resulted In Significant Initial Accomplishments

Congress authorized and appropriated funding in FY18 and FY19 which provided flexible authorities supporting industrial base expansion and stability initiatives.

FISCAL YEAR	FUNDING	ALLOCATION	RESULTS TO DATE
2018	\$225M	\$225M in execution	73 companies received funding; Reducing risks for 21 critical suppliers, supporting prioritized actions for Columbia, de-conflicting schedules, developing alternate suppliers and multi-program material procurement
2019	\$225M	\$225M in plan	24 additional companies targeted to receive funding; Improve performance, reduce risk and develop alternate sources to achieve strategic sourcing goals

The funding authorized and appropriated by Congress for industrial base expansion initiatives will support 97 suppliers in more than 20 states. Seventy of these suppliers have been

identified as critical to both the submarine and aircraft carrier programs. Supplier assessment programs initiated by the shipbuilders, with the Navy's support, are helping to develop expanded capability and capacity while reducing program risk. Continued investment in supplier development will enhance industrial base support for the aggressive submarine production schedules and reduce the current supply chain risks of the Columbia Class Program. After initial effort to stabilize the submarine supply base, it is clear that additional funding is still needed to continue to ramp-up and manage the risks to the Columbia and Virginia Class submarine programs.

Request for FY20

A \$175M investment is requested in FY20 to continue supporting the effective supplier development efforts. The industrial base must be developed and qualified to execute work with submarine-specific requirements at a rate and volume that it is not currently prepared to perform. The creation of a new qualified, critical supplier may require up to three years of effort. This additional funding is needed to continue the increase in supplier capacity and capability including:

- Providing investment in unique equipment and facilities at various levels in the supply chain.
- material orders with sufficient lead time to allow companies to invest in their facilities and people.
- Procuring spare and follow-on ship hardware that smooths workload, reduces risk and encourages private investment.
- Adding resiliency by creating multiple suppliers for critical components to add competition and capacity.
- Identifying additional points in the supply chain where capacity shortfalls exist.

REQUEST FOR ACTION

Add \$175M to FY20 Navy SCN, Columbia Class Submarine Advance Procurement Funding for Supply Base Reconstitution.