Getting on Top of IUID Compliance

IUID COMPLIANCE

In 2001, the U.S. Secretary of Defense issued a directive stating that all Department of Defense assets – including those currently in production – must be accountable to meet the DoD's need for clean audit readiness. Part of this is the Financial Improvement and Audit Readiness (FIAR), which calls for accountability by the end of 2014. To this end, the Defense Federal Acquisition Regulation Supplement (DFARS) requires defense manufactures to identify, mark and track assets by placing a label or plate containing a machine-readable item unique identification (IUID), a 2D Data Matrix barcode, on new equipment under contract. It's not an option.

Fortunately for defense contractors, and government furnished property (GFP) managers, IUID is more than just a reliable compliance technology. It's a powerful way to streamline your operations using serialized item management (SIM), and to incorporate item resource planning into your business processes. In other words, whether you need to comply with new regulations or not, an IUID system is an investment that delivers significant returns.

A compact, in-house turnkey IUID system offers a cost-effective way to meet DoD regulations on audit readiness and boost your ROI at the same time. The process of creating IUID barcodes, and printing, validating and verifying them in-house is simple. It uses cloud-based technology that allows data for each item to be registered in external databases such as the IUID Registry. Then the item data can be easily tracked and traced with the scan of a mobile device.

CREATE

PRINT

VALIDATE

VERIFY

APPLY

REGISTER & WAWF

TRACK & TRACE

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VALUE ACROSS THE BOARD

Today, the issue of potential military budget cuts are a frequent part of the national dialogue. But you can hedge against receding profits due to shrinking DoD expenditures by implementing IUID.

IUID lets you tighten controls across the enterprise on every level. It not only allows you to meet DFARS requirements and military identification and marking standards such as MIL-STD-130, but also gives you the ability to locate, track and maintain highly granular visibility of items throughout all your business operations. It doesn't matter if your focus is in production, logistics, maintenance or property management. Eliminate time-sapping, resource-draining activities and methodologies using IUID, and you can maintain or enhance profit margins and beef up ROI from within.

Here are the functional benefits of IUID:

FUNCTION	BENEFIT TO ORGANIZATION
Contracts	IUID compliance and DoD contract fulfillment
Operations	Overall control and production management
Inventory	Accurate and fast item accountability
Logistics	Chain of custody and location awareness
Maintenance	Timely scheduling, item history and predictive failures
Security	Protection from theft, loss and counterfeits
Property	Location, status and condition of items
Customer Service	Warranty and recall history
Accounting	Lean supply chain, duplicate elimination, timely billing

ROI BY THE NUMBERS

There are many areas of your organization that can tap into the value of IUID. The table below illustrates a simple ROI calculator involving tool crib activity and management.

		Month	Year
Quantity of items	3000		
Man-hours to log items in and out	40 hrs/week @ $20/hr	$3,440	$41,280
Average cost per item	$70		
Incidence of loss or theft	30 items/month	$2,100	$25,200
Average cost of maintenance delays (Mechanic time and process delays)	$45/hour		
Incidence of temporary misplacement	300 items/month	$13,500	$162,000
Total monthly cost due to lack of visibility and tracking of items		$19,040	$228,480
Total one-time cost to identify, mark and track 3000 items using IUID			$35,000
Return on Investment: Year 1			**$193,480**
Return on investment: Year 2			**$228,480**

The example above represents a common scenario involving relatively low-cost items. Substitute low-value items with those of higher value, and extend this across numerous operations, and the savings accumulate exponentially.

The advantages of IUID are not limited to defense manufacturers. Organizations handling government furnished property (GFP) and legacy items can also get in on the IUID benefits. That's because the DoD, which sets a threshold on the value of newly manufactured items requiring IUID labels at $5000, has issued a ruling stating that GFP items, including non-serialized items, of any value should contain an IUID mark and be reported to the DoD IUID Registry. Aside from the item management and accountability benefits this brings, organizations can now develop a much broader business perspective and strategy that uses IUID as a highly precise operational standard that can be uniformly integrated throughout all company processes.
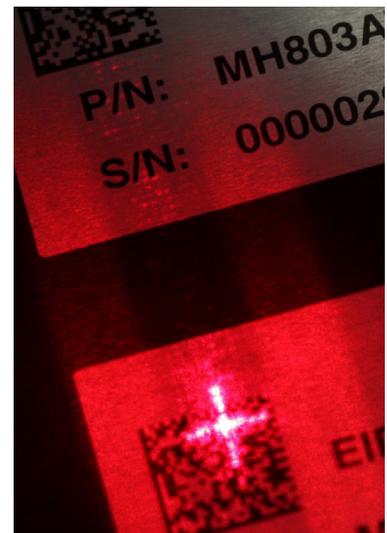
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BETTER DATA MEANS BETTER DECISIONS

How you capture data can directly affect your company's ability to compete and succeed. The beauty of IUID is in its 2D Data Matrix, a machine-readable code capable of storing and yielding all the key characteristics that are unique to a specific item. Assigning and affixing an IUID to an asset is a simple process that involves:

- Creating an IUID 2D Data Matrix on a label
- Scanning the label to validate its acceptability with the IUID Registry
- Using a verifier to ensure the quality of the label
- Applying the label to the asset
- Uploading scanned data to the DoD's IUID Regsitry

Information in the form of a unique item identifier (UII) can be recorded and updated for many assets quickly, with 100% accuracy, with a simple swipe of a handheld scanner. By contrast, organizations that manually enter item identifiers into a spreadsheet and then into a system of record can only hope to achieve at most 80% accuracy, assuming the right labels are on the right parts. That means at least 20% of your inventory will be unaccounted for and information will not be accessible when you need it. That's not only bad for your ROI, it also leads to the kind of poor decision-making that can negatively impact your business strategy.

With IUID, you always know what you have and how many. You can determine, in real time, the location and status of any item in your plant, and plan resources and expenditures accordingly.

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GETTING IT DONE WITH A TURNKEY IUID SYSTEM

An all-in-one, in-house IUID system, including MIL-STD-130 compliant software, label materials, and hardware components is a cost-effective way to meet DoD mandates for audit readiness while raising overall ROI. It also serves as a gateway to fully electronic, paperless Auto ID technology that enables asset management best practices across your entire organization. An end-to-end IUID compliance system enables the following:

CREATE
Special software captures specific item-unique data elements for serialized and non-serialized items and converts it to a 2D Data Matrix barcode according to DoD MIL-STD-130.

PRINT
Depending on the application, a laser etcher or thermal transfer printer is provided for printing IUID 2D Data Matrix or linear barcodes on a wide range of durable label and plate materials.

VALIDATE
A handheld mobile computer or smartphone can be used to validate the IUID barcode by querying the DoD IUID Registry or other database to make sure it doesn't already exist. It is also used to update item status and perform inventory.

VERIFY
The verifier is critical. It checks the quality of the printed code to ensure it is 'readable' downstream where the mark is scanned at various points along the supply chain to ensure item or asset authenticity.

REGISTER & WAWF
Cloud-based data management and asset tracking software – a key component in IUID creation as well – is used to manage, report and update item data to the IUID Registry. The software also facilitates transactions electronically through the DoD Wide Area Workflow (WAWF).

TRACK & TRACE
A handheld scanner or mobile computer is used to track items and assets and update their status, location and other information. It's also used to create and perform inventories.

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ASKING THE RIGHT QUESTIONS

Calculating your ROI is complex because so many variables can affect it – business processes, the quality and reliability of software and systems, available space and employee skills, just to name a few. When it comes to boosting ROI, the knee-jerk response for most organizations is to start cutting budgets. But that isn't necessarily the best course of action. Instead, consider keeping the systems and resources you have in place, and figure out a way to use them more efficiently. To gain a full understanding of your current performance and your ability to meet compliance standards, all aspects of your operations require close scrutiny. Just be sure you're asking all the right questions.

- Are you currently able to comply with MIL-STD-130?
- How comprehensive is your approach to achieving this compliance?
- Where do you know or suspect that resources are being wasted or lost?
- What is the hourly cost for recording item data manually?
- What is the hourly cost for correcting any transcription errors?
  (Studies show that manual errors occur at least once for every 300 characters.)
- What processes are impacted due to inefficiency? Transportation? Production?
- What do inefficiencies lead to? Assembly line delays? Inability to ship products?
- How often do errors or inefficiencies occur?
- What is the estimated cost of each identified incident of loss or error?
- Can you access and report your item inventory in real time for quick response?

The checklist above represents a top-level, enterprise-wide viewpoint. It's quite possible your answers will make a convincing case for implementing IUID in your operations, whether it's to eliminate inefficiencies or to meet DoD compliance standards.

The next step is up to you. Choose one area of your operations that most likely would benefit from tighter controls. Then do some back-of-a-napkin calculations. The results may astound you. But chances are, IUID technology can remedy any deficiencies or inefficiencies you find and raise your overall ROI in the process.

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MAXIMIZE ROI WITH THE RIGHT PARTNER

How you implement IUID into your organization can mean the difference between failure and success. To drive ROI with IUID, you need to use best practices in capturing and managing your data, ensuring you are using the right software, hardware and process for your operation. Choosing the right solution depends on the size of your organization, your output, frequency, personnel and budget. IUID goes far beyond compliance and can deliver asset visibility, increase operational performance, and help ensure that your products leave the dock on time, every time.

Taking advantage of industry-leading asset management products and services that benefit your enterprise begins with a collaborative IUID program partner who understands your objectives, helps develop your asset management strategy, and implements the right solution for your operation. Whether you want to leverage your investment in existing applications or acquire new software, A2B Tracking works closely with you to evaluate your business processes, define the most effective technology and workflow to maximize ROI, and then deliver.

Find out how A2B can help your organization track your assets effectively and ensure your regulatory compliance with a turnkey IUID system. Call **800.733.7592** and let us develop an ROI model and IUID compliance solution that works best for your processes.