



Document ID: MSI- SRG	Revision: 01
Title: MSI SUPPLIER RESOURCE GUIDE	Page: 1 of 11
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# MSI Supplier Resource Guide

Author	Date	Previous Revision	New Revision	Details
B. Peterson	06/18/2021	00	01	Created new document

## 1.0 GENERAL INFORMATION

### 1.1 Purpose

This MSI Defense Solutions (MSI) Supplier Resource Guide serves to communicate MSI's expectations to its suppliers and guide them in understanding the processes and systems used to acquire materials, products, and services for military and commercial operations. Each supplier is responsible for reviewing and understanding this Guide, which does not substitute the (a) written agreements between MSI and the supplier, (b) the MSI Supplier Quality Manual, and (c) any other contractually binding documents. This Guide is not a legal contract and does not create binding obligations on MSI, which may depart from any policy, practice, or procedure set forth herein when deemed appropriate.

### 1.2 Code of Conduct and Business Ethics

MSI expects its employees and suppliers to adhere to the highest standards of integrity, honesty, and respect. MSI selects suppliers based on objective factors such as quality, technical capabilities, price, business classification, and prior performance. MSI's corporate policies and supply chain procedures prohibit considerations of personal friendships, gifts, gratuities, or favors. MSI employees must not seek, give, or accept business courtesies that could be perceived as unfair business inducements or violate laws or regulations.

### 1.3 General Communications

Communication must be conducted through the designated MSI Supply Chain Management (SCM) buyer. Open communication ensures each party understands MSI's requirements and the supplier's strategy and ability to satisfy them. Suppliers should direct questions to the responsible buyer, who may request additional information or clarification.

### 1.4 Supplier Visits to MSI

Supplier visits, including technical meetings and negotiations, must be coordinated through the designated MSI buyer. Visitors must report to site security, present photographic identification, and register in the security log. Badges will be issued and must be displayed at all times. Photographic equipment, including camera phones and laptops, is prohibited.

### 1.5 Right of Access

During contract performance, the supplier's facilities, quality management systems, and manufacturing processes are subject to review by MSI, MSI's customer, and regulatory agencies. Access to the facilities and applicable records must be provided upon request.

### 1.6 Federal Regulations

Depending on the customer and contract provisions, various federal regulations may apply, including:

- [Federal Acquisition Regulations \(FAR\)](#): Guidelines for U.S. Government-related acquisitions.
- [Defense Federal Acquisition Regulation Supplement \(DFARS\)](#): Guidelines for Department of Defense-related acquisitions.
- [International Traffic in Arms Regulations \(ITAR\)](#): Controls the import and export of defense articles and services.

## **2.0 MSI DEFENSE SOLUTIONS**

### **2.1 Corporate Structure**

MSI Defense Solutions leverages over 300 years of combined contemporary motorsports experience to develop components, technology, and processes for military vehicles and systems. Our team has excelled at the highest levels of racing and vehicle design, testing, and development. Our experience spans off-road racing, motorcycle and motocross racing, NASCAR, Formula 1, and premium road car development. MSI designs and tests advanced vehicle integration systems validated through rigorous environments like the Nevada Automotive Testing Center (NATC).

Our extensive use of Computer Aided Design (CAD), Finite Element Analysis (FEA), and in-house fabrication capabilities ensures bespoke vehicle integration that meets strategic, tactical, and logistical needs. MSI vehicles are rigorously tested, including airdrop, EMI chamber tests, and performance and durability trials over thousands of real-mission miles.

### **2.2 MSI Facility Locations**

For detailed facility information, visit [MSI Defense Solutions](#).

## **3.0 MSI SUPPLY CHAIN MANAGEMENT**

### **3.1 Our Mission and Goal**

The MSI Supply Chain Management department provides purchasing and business expertise in support of all MSI operations. Our mission is to solicit, train, and develop ethical acquisition professionals committed to continuous improvement, customer satisfaction, and mutually beneficial relationships. By recruiting and retaining outstanding professionals and selecting and developing business relationships that meet MSI's standards and requirements, we ensure our success.

Our objective is to acquire materials, supplies, and services in a manner that results in complete customer satisfaction using cost-effective and timely processes. Suppliers are key components of our ability to meet this objective and are considered valuable team members. Suppliers are selected based on best value with consideration to quality, technical capability, price, and prior performance. Additionally, to enhance our ability to meet federal Small Business goals, a supplier's business classification is a consideration in MSI's source selection process.

### **3.2 The MSI Supply Chain Management Model**

MSI's success in acquiring parts, components, materials, supplies, and services of appropriate quality and quantity in support of manufacturing schedules is the result of a strategic supply chain management model. This model defines MSI's expectations and performance requirements to guide suppliers in working together with MSI to enhance customer value for military and commercial customers.

### **3.3 SCM Relationship Model**

MSI's relationships with suppliers begin when MSI identifies a potential source or supplier to provide defined parts, components, materials, supplies, or services. These relationships are based on excellence, integrity, honesty, and respect. MSI expects open, responsive, collaborative, and fair treatment throughout the business processes. Suppliers are selected using objective evaluation factors that include an effective quality management system, technical capabilities, price, business classification, and prior performance. MSI collaborates with suppliers to foster continual improvement in performance and business integration.

## **4.0 DOING BUSINESS WITH MSI**

### **4.1 Expectations of Suppliers**

MSI relies on the performance of its suppliers, tracked through MSI's Supplier Scorecard System. We monitor on-time delivery, disruptions, parts per million (PPM), cost reductions, and invoice accuracy. Weekly progress reports notify suppliers of potential issues and provide opportunities for correction. Monthly reports offer a rating based on performance metrics.

The purpose of the scorecard system is to maintain open communication with suppliers. Suppliers are expected to share risks and opportunities, identify root causes of potential issues, and develop risk mitigation plans with MSI.

### **4.2 Supplier Expectations of MSI**

MSI recognizes its role in enabling suppliers to meet expectations. Suppliers can expect MSI's buyers to:

- Respect the confidentiality of supplier information.
- Manage procurement transparently and adhere to professional standards.
- Provide comprehensive material and information within any Request for Quotation (RFQ).
- Treat all suppliers fairly.
- Provide impartial reviews and evaluations of supplier information and quotes.
- Respect deadlines or provide explanations for delays.
- Refuse gifts, favors, or inappropriate actions.

### **4.3 Small Business Programs**

MSI actively pursues the use of small businesses, including subcategories such as Small Disadvantaged Businesses (SDB), Women-Owned Small Businesses (WOSB), HUBZone, Veteran-Owned Small Businesses (VOSB), and Service-Disabled Veteran-Owned Small Businesses (SDVOSB). We encourage buyers to maximize the use of small businesses and their subcategories. Suppliers must complete and submit an MSI Business Certification and Classification form and are strongly encouraged to register and certify through the U.S. Government's [System for Award Management](#) (SAM) website. This helps expedite our purchasing system.

MSI relies on supplier self-certification for business classifications, except for HUBZone, which requires Small Business Administration (SBA) certification. MSI confirms certification through the [SBA](#) website. Suppliers should ensure their business classification is accurate, as MSI may set aside procurement for specific small business subcategories.

#### **4.4 Supplier Profile; New Suppliers**

New suppliers interested in doing business with MSI should review the information available under “Becoming a Supplier” and complete the New Supplier Application Form. Completed forms must be submitted in their entirety to ensure appropriate dissemination. Once reviewed, suppliers may be contacted for additional information based on available opportunities. Unless relevant information changes, resubmission of the form is unnecessary as it will be retained by the appropriate buyer(s).

### **5.0 SOLICITATION PROCESS**

#### **5.1 Request for Information (RFI)**

MSI may solicit information in advance of releasing a formal Request for Quotation (RFQ). Requests for Information (RFIs) are tools to obtain information from potential suppliers before establishing a firm requirement. RFIs help MSI understand capabilities, develop a potential supplier list, or determine cost and schedule requirements. Suppliers should complete RFIs thoroughly and request an executed Proprietary Information Agreement (PIA) if proprietary information is involved.

#### **5.2 Request for Quotation (RFQ)**

When MSI anticipates the need for specific goods or services, an RFQ is released to suppliers capable of satisfying the requirements. The RFQ details the requirements and typically includes:

- Requirement/Specifications/Drawings
- Key Characteristics/Special Characteristics (KC/SC) Flow Down Requirements
- Schedule Information
- Terms and Conditions
- Quantity
- Quote Due Date
- Requirement for Cost or Pricing Data (as applicable)

Suppliers must provide all requested information to facilitate consideration of their quotes. Typically, quotes must include:

- Price, including substantiating cost breakdown when required.
- Lead Time, identifying significant drivers.
- Manufacturing Readiness, capability to manufacture and deliver parts/components.
- Time Phased Critical Path.
- Letters of Commitment, indicating commitments such as on-time delivery of quality products.

#### **5.3 Terms and Conditions**

The Terms and Conditions that apply to a purchase depend on MSI’s customer and prime contract requirements. MSI will specify applicable Terms and Conditions in the RFQ document and any awarded contract. Suppliers are required to submit an Assertion of Commerciality document to support commercial item determinations. Additional documentation may be required to support a commercial item exception.

## **5.4 Flow Down Requirements**

MSI generally disallows revisions to its Terms and Conditions, except in extraordinary circumstances. Applicable FAR and DFARS clauses are flowed down from prime contracts. Suppliers must review and adhere to these clauses, as MSI cannot waive legally mandated clauses.

## **5.5 Supplier Quality Requirements**

MSI requires all suppliers to comply with ISO 9001 or IATF 16949 standards. Purchase orders contain MSI Quality requirements, including those set forth in the MSI Supplier Quality Manual. Additional requirements will be identified in RFQs and resulting contracts. The purpose of MSI's Quality Assurance requirements is to ensure suppliers meet MSI's quality standards and Technical Data Package requirements. Supplier quality performance is monitored through various metrics, including disruptions, corrective action requests (CARs), cost recovery, and parts per million (PPM).

## **5.6 Supplier Qualification Process**

Every supplier must demonstrate the ability to meet technical requirements and adhere to MSI's quality assurance requirements. New suppliers must complete and return MSI's Supplier Assessment Survey, which assesses the supplier's Quality Management System and production capability. Suppliers must create action plans to correct any identified gaps or deficiencies. MSI may require an on-site facility and process review audit to verify the assessment before contract award.

## **5.7 Production Part Approval Process (PPAP)**

PPAP defines common requirements and processes for approving production parts. The purpose of PPAP is to ensure all customer engineering design records and specification requirements are properly understood by the supplier, and that the manufacturing process is verified to produce products consistently meeting these requirements during actual production runs.

## **6.0 ANALYSIS AND NEGOTIATIONS**

### **6.1 Technical Capability/Manufacturing Analysis**

Supplier quotes are analyzed to determine their readiness and capability to manufacture and deliver the parts/components. This includes reviewing tooling lead times, material quality, and overall capacity to meet requirements. Accurate lead times and the identification of significant drivers are crucial for meeting schedule requirements. MSI works with suppliers to implement lead time reduction measures when necessary.

### **6.2 Pricing**

Supplier quotes are analyzed to ensure they provide requisite cost breakdown information, enabling the negotiation and determination of a fair and reasonable price. MSI buyers may request additional information to support this determination. When MSI is a prime contractor to the U.S. Government, suppliers may need to disclose and certify cost or pricing data as mandated by the Truth in Negotiations Act, unless an exception applies.

## **7.0 AWARD AND CONTRACT MANAGEMENT**

### **7.1 Quantitative Orders**

Quantitative Orders (QOs) are contractually binding commitments awarded for items requiring disclosure and certification of cost or pricing data. A QO identifies the quantity, price, terms and conditions (including applicable FAR/DFARS clauses), and schedule notices for material flow.

### **7.2 Long Term Agreements**

Long Term Agreements (LTAs) are agreements for items of an anticipatory recurring nature. LTAs identify terms and conditions, maximum quantity, unit price, and potential estimated maximum amount for a defined period (up to 5 years).

### **7.3 Requirements Contracts**

Requirements Contracts (RCs) are contractually binding commitments for items without a defined maximum quantity over 5 years. RCs do not require the disclosure and certification of cost or pricing data. Schedule notices are released to identify the required flow of material, including quantity and schedule.

### **7.4 Purchase Orders**

Purchase Orders (POs) are contractually binding commitments for one-time purchases of production or non-production items or for goods or services that support overall corporate activities unrelated to any U.S. Government prime contract. POs identify the quantity, price, terms and conditions (including applicable FAR/DFARS clauses), and schedule.

### **7.5 Review and Acceptance**

Suppliers must review all contractual documents, including applicable terms and conditions, and contact the responsible buyer with any questions. Contract documents must be signed and returned in a timely manner.

### **7.6 Rated Orders**

Many of MSI's prime contracts are prioritized under the Defense Priorities and Allocations System (DPAS). Should a prime contract be DPAS rated, MSI is required to flow down the DPAS rating to applicable suppliers. DPAS rated orders must be accepted within the requisite timeframe (10 days for "DX" rated orders, 15 days for "DO" rated orders). Failure to accept a DPAS rated order within the requisite timeframe is a violation of federal law.

### **7.7 Change Management**

MSI's change management system ensures customer requirements are considered before incorporating any changes related to cost, delivery, materials, specifications, obsolescence, etc. Suppliers must coordinate proposed changes through the appropriate MSI buyer, who is the only person authorized to make changes via a written purchase order change. Suppliers must not make any changes without MSI's express prior approval.

## **8.0 DELIVERING PRODUCT TO MSI**

### **8.1 Delivery**

Suppliers are responsible for delivering goods and services in accordance with the instructions referenced in the formal agreement and applicable terms and conditions.

### **8.2 Transportation**

MSI routing instructions will be specified in your LTA/QO/PO/RC. Routing instructions may vary depending on specific shipments and necessary expedites. Please refer to your agreement for additional instructions.

### **8.3 Identification and Packaging Requirements**

Suppliers must comply with specific packaging and labeling requirements defined in the formal agreement and within the applicable terms and conditions.

#### **8.3.1 Shipment Identification**

Identification requirements for each shipment include part number, revision level, part name, part description, agreement number, manufacturer's identification, lot or date code, and quantity. This information must be included on shipping paperwork and package labels. Individual parts must be identified with packaging labels in accordance with drawing requirements unless exempted by the agreement. Incomplete shipment identification may result in a charge-back process.

#### **8.3.2 Identification of Shelf-Life Material**

For items with a shelf-life requirement, the supplier must identify the shelf life for each item, package, or container with its cure or manufacture date, expiration date, and special storage and handling conditions, in addition to standard identification requirements. The supplier must ensure that items provided to MSI are not past the expiration date.

#### **8.3.3 Packing and Packaging**

Suppliers are responsible for ensuring all items are suitably packaged and prepared for shipment to prevent damage or contamination. Suppliers accept full responsibility for packaging, preserving, protecting, and maintaining the integrity of the product.

### **8.4 International Trade Compliance**

Suppliers must have robust import and export compliance programs to ensure adherence to applicable laws. Non-compliance with U.S. import and export laws and regulations can result in substantial fines, penalties, debarment from U.S. Government contracts, and imprisonment. Suppliers must provide complete, accurate, and timely customs documents, including NAFTA certificates of origin and manufacturing affidavits, to MSI's International Trade Compliance Office. Suppliers must not ship products until required documents are received and shipment is coordinated with MSI Logistics and MSI International Trade Compliance.

### **8.5 Delivery Delays or Exceptions**

Meeting delivery schedules is critical. Suppliers must immediately notify their buyer and applicable Buyer's Purchasing Representative if they anticipate or experience any delay.



Suppliers are liable for any direct, indirect, special, or consequential damages resulting from a delay. Other obligations regarding delivery delays are addressed in the applicable terms and conditions.

## **8.6 Business Continuity Planning**

Suppliers must establish risk management and business continuity plans to ensure rapid response and resumption of operations in the event of disruptions or disasters. Plans should address risks such as fires, chemical spills, natural disasters, terrorist threats, medical emergencies, strikes, IT recovery/security for telecommunications, data systems, infrastructure, and financial risks.

## **8.7 Counterfeit Avoidance/Nonconforming Product**

Suppliers must follow MSI's policy on nonconforming and counterfeit products, as defined in the Supplier Quality Assurance Manual. Nonconforming products include those with unidentified or suspect status. Counterfeit products are unlawfully or unauthorized reproductions, substitutions, or alterations misrepresented as authentic. Suppliers must establish procedures to detect and prevent the use of defective, nonconforming, or counterfeit parts, including those integrated into electronic assemblies or equipment. Suppliers must take prompt action to correct conditions that result in nonconforming or counterfeit products and notify MSI Quality Assurance and Supply Chain Management of discrepancies.

## **9.0 ACCOUNTING INFORMATION**

### **9.1 Payment Terms**

MSI uses payment terms consistent with industry standards. Payment terms are included within MSI's Standard Terms and Conditions of Purchase.

### **9.2 Invoices**

Invoices must reflect the Purchase Order (PO) number. Any invoice submitted without a PO number will cause a delay in payment and may result in a charge-back to the supplier.

### **9.3 Accuracy**

Invoices must accurately match the quantity and pricing on the LTA/QO/RC or PO. In the event of a discrepancy, payment may be delayed. MSI requests receipt of a corrected invoice or a credit/debit note to account for any difference. Invoice accuracy is tracked and included within a supplier's scorecard, which is considered during source selections.

### **9.4 Electronic Funds Transfer**

Electronic Funds Transfers (EFT) are available to suppliers. Terms must be pre-negotiated with the buyer.

### **9.5 Payment Detail**

New suppliers may contact the MSI Accounts Payable Department for any additional purchase order invoicing or payment questions.

## **10.0 SUPPLIER RELATIONSHIP MANAGEMENT**

## **10.1 Expectations for Managing Performance**

MSI's Supply Chain Management objective is to ensure the acquisition of materials, supplies, and services in a manner that results in complete satisfaction of all customer requirements while using cost-effective and timely processes. MSI suppliers are key components of our ability to meet this objective and are considered valuable team members. Ongoing assessments of supplier performance focus on key performance categories that support contract requirements, result in continuous improvement, and maintain a qualified supplier base.

## **10.2 Monitoring of Supplier Performance**

Using the Supplier Scorecard System, MSI monitors supplier performance with indicators to track delivered product conformity to requirements, customer disruptions (including field returns), delivery schedule performance (including incidents of premium freight), and special status customer notifications related to quality or delivery issues. Tracking and monitoring supplier performance helps identify performance trends, review history, identify areas of concern, and drive improvement activities.

## **10.3 Supplier Corrective Actions**

MSI's Supplier Quality group manages supplier corrective actions for product quality issues. MSI purchase orders contain MSI Quality requirements, including those set forth in the Supplier Quality Manual. Suppliers are expected to promptly address and resolve any quality issues and work collaboratively with MSI to implement effective corrective actions.

## **11.0 SUPPLIER DEVELOPMENT**

### **11.1 Defining Supplier Excellence**

MSI expects its suppliers to demonstrate key attributes of supplier excellence. These suppliers achieve cost, quality, and delivery performance requirements with minimal to no integration issues. Excellent suppliers are capable and responsive, with sound financial structure, technical capability, and quality attributes. They find creative financial and technical solutions, communicate openly, and collaborate with MSI. They also manage inventories and schedules to support MSI requirements, ensuring customer satisfaction.

## **11.2 Supplier Development Process**

MSI is committed to the integrity and performance of its supply base and utilizes a Supplier Development team to identify and develop potential new suppliers. Our proven supply chain maintains or improves product reliability, reduces risk, and lowers costs to meet MSI's financial goals. Suppliers are responsible for improving processes to meet delivery, cost, quality, capability, and responsiveness requirements. MSI implements lean six sigma philosophies and supplier improvement activities, aiming for conformity with ISO/TS 16949:2008. Supplier development prioritization depends on quality performance and the importance of the product supplied.

### **11.2.1 Supplier Capability Reviews**

MSI reviews supplier capabilities to ensure the existence and effectiveness of controls and quality management systems that support their products or services. Supply Chain Management incorporates QMS requirements into RFQs and records the level of QMS compliance as part of the RFQ process. MSI works with suppliers to address areas of need, define acceptable standards, and ensure supplier responsiveness, capability, and performance.

### **11.2.2 Lean Value Chain – Expectations for Continuous Improvement**

MSI expects suppliers to have quality systems that promote continuous improvement. Suppliers are responsible for conducting continuous improvement activities and flowing down these requirements to their supply chains. MSI expects suppliers to participate in cost-reduction initiatives, including value-stream analysis and Lean Six Sigma, to meet cost targets on new projects. MSI's Lean Six Sigma Program focuses on defect prevention, process improvement, and risk control, providing the lowest practical total cost of ownership to customers.

### **11.2.3 Supplier Improvement Process**

MSI personnel may assist suppliers in implementing immediate containment and effective corrective actions for quality issues. The goal is to systematically flow down MSI's proven processes and supplier interactions to review performance, identify root causes, and implement permanent solutions to improve manufacturing approaches.