



Report to the IAM Executive Committee

Joint Report of Director of Government & Military Relations and Government & Congressional Affairs Committee

February 2-3, 2010
San Diego, California

Summary of Topics to discuss -

Military:

- 1) Defense Personal Property Program (DP3)
 - a) Most Current DP3 Statistics
 - b) DPS Issues
 - c) Helpdesk
 - d) CSS/ICSS
 - e) PPF Items
 - f) Invoicing Update
 - g) Change in the number of Performance Periods
 - h) Other DP3 issues
- 2) TOPS Program Issues
- 3) SDDC/JPMO HHGS/Transcom Personnel Changes
- 4) Other Issues of Interest

Appendix – DP3 Program Slides

MILITARY

a) Most Current DP3 Statistics

As of 21 Jan 10:

- 101,326 Members Counseled
- 89,498 Shipments Awarded (69% self counseled) **** I question this 69% number**
- 67,998 Shipments Delivered
- 8,387 Surveys Submitted (12%)
- 8,081 Claims Submitted (12%)

** Interesting to note that the Surveys Submitted is exactly the same percentage as Claims Submitted.....is this an indication that members are mostly likely to submit a survey if they have damage in their shipment? This would be very interesting data to research!!!

b) DPS issues –

1) Short Fuse shipments – SDDC announced on Tuesday January 26 that Short Fuse shipments would be re-introduced to DPS on Saturday January 30. This means that on Monday February 1, 2010 PPSOs will have the capability to move Short Fuse shipments through DPS.

A number of hardware upgrades have been made by JPMO HHGS to help ensure that the system will be able to hold up under the increased volume and system stress presented by re-introducing Short Fuse shipments to the system. We have been told that the number of servers used to support DPS has been increased from the original 3 servers to 24 servers.

Only time will tell if this servers level will be capable of supporting not only the Short Fuse volume but the increase in volume that will come from the introduction of the PPM capability and the normal increase in volume which will occur due to the normal increase experienced as we move toward peak season.

Another set of issues that surrounds the re-introduction of Short Fuse shipments are:

- a) Should there be a change in how Short Fuse shipments should be distributed? This will probably be a discussion item at the next PPF.
- b) Should TSPs with are large number of UserIDs and use webbots to procure Short Fuse shipments have an advantage over smaller TSPs with access to few UserIDs?
- c) What affect will the addition of CAPCHA to the Short Fuse process have on TSPs.....especially those that do not have Easy DPS?

I would like to have a discussion with the committee to determine what the Associations position should be regarding these two issues.

2) DPS problems continue to “pop up” for individual TSPs but the system seems to be a great deal more stable and the problems that we are seeing do NOT seem to be systemic in nature.

I hear very little about some of the problems we saw this past peak season, i.e. system timeouts, system crashes, system moving very slowly, etc.

Some of the issues I have seen are:

- TSP receiving a shipment when they are blacked out
- TSP not receiving e-mail notification when they are supposed to

- TSP having a shipment accepted for them by a User ID that was not part of their organization. In fact it was accepted by another TSP for them.
- Numerous TSPs are seeing unwarranted GBLOC suspensions where it is unclear what if any violation has occurred. It is also unclear if this is a system generated anomaly or if PPSO error is involved. This has been increasing frequent.
- Shipment Distribution problem – a few cases have been reported of a single TSP receiving shipment awards in the same channel on either the same day or back to back days. Each time the TSP had another SCAC under CFAC that had rates in that same channel but the other SCAC had not received any shipments in that channel. SDDC/JPMO HHGS is analyzing and we are awaiting their answer to the inquiry.
- The inability of TSPs to make address changes in DPS continues to be a major problem. TSPs are forced to contact PPSOs and have them make these changes rather than having the ability to accomplish it themselves. This is a major burden for TSPs and a real cost driver. This also is an administrative burden on the PPSOs and many PPSO are either dragging their feet when presented with these requests or disregarding them all together.

JPMO HHGS continues to say they are working on the issue but no time for resolution has been given.

Many examples of individual problems still exist and very little Helpdesk support/resolution is forthcoming on the issues.

3) “Seeing” other TSPs Rates in DPS – It was brought to the Association’s attention that there was a SERIOUS flaw in DPS. It appears that an agent that has been “associated” with a TSP as a “shipping agent” in DPS has the ability to go into DPS Analytics and see ALL rates for any shipments that TSP has moved.

This makes many rates public to agents and gives a serious competitive advantage to agents that are also TSPs. These Agent/TSPs could have an advantage in determining what rates to file and might also be able to possibly extrapolate what the Rate Reasonableness ranges are in some channels.

We have made JPMO HHGS and SDDC aware of the issue and they are investigating. We have strongly suggested that the rates be made public to ALL TSPs in order to “level the playing field” for all bidders. We have not had a response from DOD as of yet.

c) **Helpdesk**

The Helpdesk has undergone a recent overhaul. Personnel has been added, due to a new contract (Nov 1, 2009) with the DPS developer (SRA) a new structure for Tier 2 & 3 has been developed and a new automated system for helpdesk ticket submission and feedback has been put in place.

From the perspective of most TSPs this has added very little value to the Helpdesk process. Most feedback that I have received shows there is still a very high level of frustration with the process. TSPs still are not seeing resolution to their issues or timely feedback when problems are elevated above Tier 1.

d) **CSS/ICSS**

Low CSS response rates remain one of the biggest problems for TSPs. While we have seen some gains in the response rates for the ICSS process the CSS response rates remain at a very low 12% since DPS launch. A number of factors seem to be the cause of the low response rate:

- no encrypted link in the CSS reminder e-mails
- DPS users must have their User ID and password to access the survey
- There are approximately 11 steps needed after logging into the system to actually reach the survey
- Military member's being very unfamiliar with the system and the process of completing the survey
- The warning that sometimes appears warning members that they may be entering a system that whose security certificate has expired.

DOD seems to be putting a good deal of effort into trying to raise the response rates and ultimately in getting as many TSPs statistically valid as possible. But all of their efforts to this point have not had much effect on the response rates for the CSS

We have been told that a system update on/about April 1 will introduce the encrypted link to the CSS e-mail reminders and allow CSS to be taken over the phone and then added into DPS. SDDC believes that this will cause a significant increase in the CSS response rate.

SDDC also attempted to work with the Associations to lower the confidence levels needed to make a TSP statistically valid. Push back from IAM caused them to table that effort and the confidence levels remained at 90%.

e) **PPF Items**

The following items were submitted to SDDC for possible discussion items at the March 11, 2010 Personal Property Forum (PPF)

1) **Traffic Distribution**

- a. Is the 5-3-2-1 methodology the best way to distribute traffic? Would 4-3-2-1, 3-2-1-1 or 3-2-1-0 be a better way to distribute traffic across the Quality Bands?
- b. What is SDDC overall philosophy regarding Traffic Distribution? Is SDDC trying to force a majority of the traffic to a small number of TSPs at the top of the Quality Band? Is SDDC concerned about trying to find some way to preserve some of the industry infrastructure that allows it to move most of its traffic during the Peak

Season? It appears, by its recent change in the number of Performance Periods, that SDDC is concerned about the current state of traffic distribution and that a change in the rotational distribution within the Quality Bands should be discussed.

2) Performance Periods

- a. What was the goal of the change from 6 to 4 Performance Period/year?
- b. How will success or failure of the change be measured?
- c. When will a review of the change take place?
- d. If SDDC feels that another “tweak” is needed what is the next step..... a reduction to 3 Performance Periods, 2 Performance Periods OR an increase back to 5 or 6 Performance Periods?

3) Customer Satisfaction Surveys (CSS)

- a. What specific steps are SDDC and the Military Services taking to increase the response rate and the number of TSPs that have statistically valid Performance Scores?
- b. Will the change in the number of Performance Scores mean that SDDC will change the Business Rules regarding the number of Performance Periods a TSP must go without being statistically valid before Neutral Scores are added to their Performance Score?
- c. Should we add Neutral Scores to TSPs that are not statistically valid EVERY Performance Period or possibly every other Performance Period?
- d. Is the Mean of a Market a more valid measure to use as the “Neutral” score than the Median score?
- e. Should a minimum number of CSS be established as another measure of validity? What should that number be? Should a formula like.....
Number of shipments moved in a Market in a fiscal year / number of approved TSPs in that Market X “validity factor” = minimum number of CSS needed to be considered valid
Example: 100,000 International HHG shipments moved in a fiscal year / 200 approved TSP in that market X 0.1 = 50 CSS minimum
The numbers are just estimates and the validity factor was picked to bring the minimum number into a reasonable realm. The “validity factor” could/would be chosen by SDDC.
- f. Could SDDC establish a wider variety of Performance Scores based on Regions of the world? Why should a score on a shipment from CONUS to Turkey have any validity when it is compared to a score on a shipment from CONUS to Hawaii? We should also have a separate score for the USA, Europe, The Far East, and a “rest of the world” category.
- g. Why can't Best Value Scores be made public.....Not rates just BVS.

4) DPS Helpdesk

- a. The Helpdesk plays a critical role in helping TSPs & PPSO solve DPS issues. But the Helpdesk process is not well understood by most. An explanation of the Helpdesk processes would be beneficial.
- b. Are there any contacts outside of the Helpdesk to consult when the process breaks down?
- c. How long should someone wait for an answer before other avenues are explored. Will TSPs be contacted when a solution is in place?

- d. A new contract with the DPS developer is in place. How did that impact the Helpdesk process? Is there a difference in how “old” (before Nov 1, 2009) Helpdesk tickets are being handled vs. how “new” (Nov 1, 2009 and later) ones are being handled.
- 5) Communication
- a. Communication between DOD and industry is critical to the success of the program and to TSP success within the program. How can we find ways to open up the two-way lines of communication between the stakeholders?
 - b. Can we get updates on some of the Software Change Requests (SCR) put forth by industry, i.e. Two-way interface, General Agent Role, Single sign-on capability for TSPs with multiple SCACs?
 - c. DPS User Group update
 - d. DPS Timeline updates
 - e. Can the Associations be allowed to once again become involved in the CoCC process?
 - f. A DP3 Weekly Activity Report is issued to key DOD Personal Property Representatives. Can an industry version be distributed?
 - g. Can industry resume their seat on the FRB?
- 6) Transparency
- a. There have been a number of “issues”/problems/mistakes identified by the TSP community in regards to DP3 rate filing, Rate Reasonableness, Quality Band Ranking, etc. For TSPs, this has brought into question every calculation made in the DP3 program. There needs to be some way to make all of these processes more visible for TSPs. There should be some vehicle by which TSPs feel comfortable that the calculations made in all aspects of the DP3 program are correct.
 - b. Industry should have the ability, through the Associations or through a third party entity (Ombudsman), to test and verify that all calculations made in DPS follow the mandates outlined in the Business Rules.
 - c. Is it time for Rate Reasonableness to go away and let the Marketplace and the Best Value Scoring rules dictate rate levels?
- 7) SDDC Accessorial Philosophical Change
- a. Recently there have been several “policy” type changes in what items are billable under the various military rate solicitations. To the industry, some of these changes appear to be unilateral by one person or a small number of people at SDDC, with no dialogue with the industry. There is often quite a bit of historical precedence behind why an item is in the rate solicitation as billable. Also, the industry has a wealth of first-hand experience with handling the affected items or services, both in the military arena and for our commercial customers, which often seems to be either ignored or on listened to on a cursory level after the decision has been made to change the item in the rate solicitation.
 - b. We think that it would be a good idea to discuss how changes like these should be made, what consultations need to happen with the industry and how notice must be given that an item is being considered for change. We recommend that a committee comprised of industry representatives, service representatives and SDDC work together to discuss practical and economical resolutions for items such as TVs, Front Load Washer and third party crating before policies are changed.

f) Invoicing Update

The Invoicing process has gone much better than expected as DPS has matured. There are still a number of holes that need to be “filled” but overall we are seeing TSPs being paid for the work they are performing.

- Alaska shipments were added to DPS in December. It is still too early to determine if the system is able to rate the shipments properly and that the billings are being paid promptly.
- SDDC hold TSP invoicing calls every two weeks. These calls seem to be getting shorter and shorter as fewer issues/problems are being raised to SDDC.
- SDDC posted the 400NG Baseline Rate Tables to their website. The tables were not completely in agreement with what AMSA planned to sell to TSPs because the 0.8% 2010 increase was not applied in the same way by both AMSA & SDDC. AMSA amended what they were putting out and brought their 400NG product in line with what SDDC had published.

There is some fear that PPSO will try to use the tables to verify rates and in their current configuration that will be next to impossible. Some fear this could lead to an increase in DPS invoice denials by PPSOs.

g) Change in the number of Performance Periods

SDDC has officially changed the number of Performance Periods from six to four. The change became official on January 1, 2010. The new performance periods would be as follows:

- 1 Jan to 14 May
- 15 May to 31 Jul
- 1 Aug to 30 Sept
- 1 Oct to 31 Dec

The Association advocated for this change in order to allow time for the shipment distribution to move further down in the Quality Bands. It will be important to review what occurs over the next 12 months to determine if this change has had the desired affect.

h) Other DP3 Issues

-- Moving & Storage Association of Hawaii (MSAH) reached out to IAM in an attempt to gain our support in an effort to find a way to cleave out an “exception” for Hawaii in the DP3 program similar to what they currently have in the TOPS program. They envisioned working toward something like a “Class 3” rate designation for Hawaii.

The gist of the IAM response was that we would be glad to work with them on pushing for improvements to the DP3 program that could benefit the membership/industry as a whole but could not help them to cleave out something that would only benefit the members of

MSAH. We did encourage them to go forward with any effort they felt was necessary to help their membership remain viable.

It appears that they back off their position which focused solely on Hawaii but they did write a letter to Sen. Daniel Inouye asking for general program changes/improvements that they saw as overall industry benefits. They focused on a change in the way traffic distribution was handled, increased CSS responses, the change in the number of Performance Periods and a slow down in the transition from TOPS to the DP3 program. They also asked to meet with the Senator to discuss their issues. The letter was dated January 11, 2010 and I am not aware of any response from the Senator's office at this point.

-- Alaska – An effort was made by SDDC & Transcom, at the urging of one our members, to change the way that traffic to/from Alaska is billed. Alaska is currently part of the Domestic program and currently in the DP3 program rates are filed as a discount off of the 400NG tariff. But, the amount paid on an invoice can be different depending on whether the shipment moves over water through the ports of Tacoma/Seattle or moves over land via the ALCAN highway.

The focus of the effort was to move toward a single costing methodology for Alaska. SDDC took comments from industry and has yet to make a formal decision on what changes, if any, they should make.

There has even been some discussion on either moving Alaska to the international program or keeping it in the Domestic program but out of the 400NG while making the rate process a single factor methodology.

-- Software Change Requests – We are still waiting on to major system changes.....the two-way interface and the General Agent User Role. It is our understanding that the two-way interface has moved through the FRB & CCB process and is project to be brought into the program in phases beginning at the end of 2010 with an implementation completion date of late 2011. We have no details on how the interface will work.

The General Agent User Role SCR has moved into the FRB process yet and there is currently no timetable for implementation.

-- **INITIAL NOTICE OF RATE FILING** UPDATE UNDER THE DEFENSE PERSONAL PROPERTY SYSTEM (DPS) UPDATED TIME FRAMES FOR RATE FILING:

ROUND 1: 10 MAR 10 (07:00 AM EST) - 20 MAR 10 (07:00 PM EST)

ROUND 2: 29 MAR 10 (07:00 AM EST) - 07 APR 10 (07:00 PM EST)

2) TOPS Program issues

- Proposal to move all DOD personnel moving to U.S. State Department posts to the State Department ITGBL program – This proposal appears to have reached a compromise solution. Our sources indicate that a three year test will be put in place. The test will only encompass DOD personnel moving to 9 State Department overseas posts and those personnel will move under State Department GBLs. We have been told that the State posts included in the test are very low volume posts. I understand that an official announcement on the test should be out in the next 30 – 45 days with implementation to begin in the April timeframe.
- Navy Regionalization – Navy is looking to take advantage of some of the cost saving and efficiencies realized by Air Force and is embarking on a Regionalization plan of their own. They believe they can begin this process before the end of 2010. They want to have four regions within CONUS. Southeast, Southwest, Northeast and Northwest are the regions they hope to locate the four Navy booking offices. It is unclear at this point whether these will be “joint” offices or Navy only. What impact this will have on the DP3 program is unclear at this time.
- PPSO issues – Inconsistent processes at PPSOs remain an issue in both the TOPS and DP3 programs. Differences in how SIT processing is handled, accessorial approval, documentation requirements, and invoice approval requirements are just a few of the issues that TSPs face. We continue to work with and lobby Military Service Headquarter personnel on pushing for consistency at least within their service PPSOs.
- It appears we will have an IW10 & DW10 TOPS Rate Filing. I have already asked SDDC to announce a timeline ASAP!

3) DOD Personnel Changes –

- Mr. Michael Williams – Recently was named as the Deputy to the Commander, SDDC. Mr. Williams was working as the director of SDDC’s Transportation Engineering Agency (TEA) but has very little personal property experience. He had been the “Acting” Deputy when he was officially named to the position.
- At OSD we still have no permanent replacement for Mr. Earl Boyanton (Presidential Appointee position) – Assistant Deputy Under Secretary of Defense (Transportation Policy). Ms Lisa Roberts is still currently “acting” in that position.
- Dennis Williams left his position with the Navy and has moved to Korea to an Army position. Dennis still has some personal property oversight in Korea but his responsibilities are over a much wider variety of areas, i.e. freight, passenger, motor pool, etc.
- The Army’s Installation Management command went through a BRAC and has moved its command to San Antonio, TX. This bumped Ms. Donna Jack out of her spot as the top personal property person at IMCOM because she did not make the move to Texas.
- LtCol Daniel Bradley, Deputy Chief of Staff for Personal Property will official retire in August but has put in for terminal leave beginning in April, 2010. It is unclear who his replacement will be or even if we will see a full time replacement during his period

of terminal leave if the leave is granted. There is a rumor floating that an individual with Personal Property experience will be named to replace him. Ms Patricia Young, former SDDC Deputy Commander, will be involved in the replacement decision due to her new Air Force position at the Pentagon.

4) **Other Issues of Interest** –

a) **ISF (10+2)** – The following is the latest information relayed to members on this topic regarding the use of Social Security Numbers:

SUBJECT: Use of Social Security Number (SSAN) on DD Form 1252/1252-1 in Support of Importer Security Filing (ISF 10+2) Requirements

PURPOSE: To provide guidance to DoD Personal Property shipping activities and Transportation Service Providers (TSPs) on use of shippers SSAN for ISF 10+2 transactions.

REFERENCE: Federal Register, Vol 73, No 228, 25 Nov 2008 (DOCID FR25NO08-22)

1. Effective immediately, DoD and U.S. Coast Guard personal property shipping offices must include the shipper's full SSAN on the DD Form 1252/1252-1's. This includes DD Form 1252/1252-1's that are prepared manually or produced in TOPS/DPS. USTRANSCOM is working with SDDC and JPMO to "un-mask" the SSAN on these documents in DPS/TOPS. Until modifications are complete, shipping offices must type, or clearly handwrite the SSAN on the DD Form 1252/1252-1.

Note: U.S. Coast Guard (CG) shipments from overseas destined to the United States must cite the shipper's full SSAN on the DD Form 1252/1252-1 in-lieu of the CG Employee Identification number.
Background:

ISF 10+2 is a Department of Homeland Security initiative to prevent the importation of terrorist weapons into United States of America. Under this initiative, carriers and importers must provide U.S. Customs and Border Protection (CBP) detailed shipment data that will improve CBP's ability to perform necessary risk analysis. ISF 10+2 only applies to shipments entering the United States aboard commercial sea vessels. TSPs will file the ISF 10+2 for all DoD and U.S. Coast Guard sponsored personal property shipments entering the United States. CBP regulations require that all ISF 10+2 submissions include the shipper's full SSAN. To accomplish this, the DoD and U.S. Coast Guard must provide the SSAN on the DD Form 1252/1252-1 and make available to the TSP. The shipper is defined as the individual for whom PCS, retirement, or other official travel orders have been issued.

2. The above procedures will be incorporated into the next rewrite of DTR Part IV and V. Any questions concerning this new requirement should be routed through Service channels.

- b) **New Motorcycle Requirements** – new addition to the TOPS Tender of Service
- c) **As of 1/2910 we have NO 2010 International Tender or 400NG Solicitations** - Even though the rate filing announce was issued by SDDC with the 45 day notice called for

in the Business Rules should the Solicitations come out at the same time. There is no timeframe for release of the Solicitations called for in the Business Rules.

We have also seen that a General Rate Increase was put into affect for the 400NG. We have on a number of occasions requested that something similar be put in place on the International side. What reaction should we have if the International Tender comes out without any increases?

d) DPS User Group remains UNUSED!

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