



DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20350-1000

SECNAVINST 4920.5

NAVY IPO-02X1

26 February 1993

SECNAV INSTRUCTION 4920.5

From: Secretary of the Navy

Subj: POLICY AND PROCEDURES FOR SYSTEM SUPPORT BUY OUT (SSBO)

Ref: (a) DOD 5105.38-M of Oct 88 (Security Assistance Management Manual) (NOTAL)
(b) DOD 7290.3-M of Sep 86 (FMS Financial Management Manual) (NOTAL)

1. Purpose. To establish policies and procedures for the Department of the Navy (DON) and its activities involved in System Support Buy Out (SSBO).
2. Scope. Provides policy guidance and procedures for the SSBO process when a weapons system or equipment is approaching the final stages of production and final DON procurements are planned.
3. Policy. It is DON policy to announce to Foreign Military Sales (FMS) customers that a weapons system or equipment is eligible for SSBO when it nears the end of its production cycle. This permits them to plan for final life-of-type procurements if so desired.
 - a. The SSBO program will:
 - (1) Give FMS customers the earliest possible notification of the planned production phase out of systems and equipment by the DON. Reference (a) requires a minimum of 2 years to be afforded FMS customers to budget for and fund the SSBO.
 - (2) Provide FMS customers an opportunity to maintain some degree of support into the future for common systems/equipments in their operating inventories by offering DON provisioning of support parts and services in the range and depth requested by the affected FMS customers during the 2 year period.
 - b. Once the customer elects to participate in the SSBO, the customer proceeds through FMS channels.



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4. Pricing and Ordering. Pricing of material offered under SSBO will be in accordance with reference (b). Customers participating in an SSBO will request establishment of new FMS defined order or direct requisitioning procedures (DRP) cases, or requisition material under existing cases, as appropriate. For system-unique material requisitioned under DRP cases, procurement action will be taken to fill any requisitioned quantities that exceed on-hand stocks. After expiration of the 2 year support buy out period, customers may be able to obtain system-unique spare parts through one of the following options:

a. Requisition from DON on-hand stock until that stock is exhausted.

b. Requisition from any available excess stock that has been turned over to the Defense Reutilization and Marketing Service/Office (DRMS/DRMO).

c. Procurement through a direct commercial sale between the FMS customer and a commercial vendor. (See Chapter 6 of reference (a)).

5. Implementation responsibilities and procedures. An SSBO is initiated by the responsible Chief of Naval Operations (CNO) or Commandant of the Marine Corps (CMC) sponsor, in conjunction with the responsible Systems Command, for the weapons system or equipment planned for phase-out. The responsibilities of the applicable DON activities for SSBO are as follows:

a. The CNO or CMC sponsor for the weapons system or equipment scheduled for phase-out will notify the responsible Systems Command of the phase-out plan.

b. The Systems Commands (i.e., Commander, Naval Air Systems Command (COMNAVAIRSYSCOM); Commander, Naval Facilities Engineering Command (COMNAVFACECOM); Commander, Naval Sea Systems Command (COMNAVSEASYSYSCOM); Commander, Space and Naval Warfare Systems Command (COMSPAWARSYSYSCOM) and Commander, Marine Corps Systems Command (COMARSYSYSCOM) will:

(1) Advise NAVY IPO of the systems or equipment scheduled for phase-out, and of the FMS customers that are known to have the weapon systems and equipments in their inventories.

(2) Review NAVY IPO country notifications to ensure compatibility with procurement phase-out plans and to request that NAVY IPO make appropriate adjustments when required.

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(3) Coordinate with the Inventory Control Points (ICPs) (i.e., Aviation Supply Office (ASO) and Ships Parts Control Center (SPCC)) to ensure that support is provided to the FMS customers during the 2 year buy out period.

c. Navy IPO will, after receipt from the Systems Command of a notification of a systems or equipment buy out, notify affected FMS customers that DON procurements for the systems or equipment will be phasing out. The notification should advise FMS customers that they may continue to order unique spares and repair parts for the systems or equipment during the buy out period.

d. The inventory control points will coordinate with the Systems Commands and USMC to ensure that support is provided to the FMS customers during the buy out period.



F. B. Kelso, II
Acting

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