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# Security Gaps of Husbanding Service Providers (HSPS) and Viability of HSPS in Major Theater Conflict

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Monterey, California: Naval Postgraduate School

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## NPS NRP Executive Summary

Security Gaps of Husbanding Service Providers (HSPs) and Viability of HSPs in Major Theater Conflict

Report Date: 11/5/2019 Project Number (IREF ID): NPS-19-N181-A

Naval Postgraduate School, Graduate School of Defense Management



NAVAL RESEARCH PROGRAM  
NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

# SECURITY GAPS OF HUSBANDING SERVICE PROVIDERS (HSPs) AND VIABILITY OF HSPs IN MAJOR THEATER CONFLICT

Period of Performance: 10/15-2018-10/15/2019

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### EXECUTIVE SUMMARY

#### Project Summary

Maintaining a forward-deployed presence world-wide is integral to the mission of the Department of the Navy (DON). To conduct port visits, the Navy uses a network of organic and contractor-furnished assets supplied by foreign companies to provide husbanding services and coordinate delivery of supplies at various ports where organic footprint does not exist. To assess the implications of using husbanding service providers (HSPs), this research had three objectives: Evaluate the use and demand for HSPs in peace time during routine operations and during a potential contingency, assess the security vetting of HSPs, and estimate the Operational Security (OPSEC) implications and potential for exploitation by likely adversaries. To better secure the force before, during and after port visits, three alternative courses of action (COAs) are proposed to improve the current operational posture.

**Keywords:** *Operational Security, OPSEC, husbanding service providers, HSPs, Naval Supply Systems Command, NAVSUP, overseas deployment, contingency operations*

#### Background

Naval Supply Systems Command (NAVSUP) contracts services for the Navy, Military Sealift Command, Army, and Coast Guard vessels conducting port visits in non-U.S. supported ports. Presently, there are six regional multi-award contracts (MAC) in place that provide worldwide husbanding services, in each area of responsibility (AOR). Under the MAC, many potential suppliers have fair opportunity to bid for a task order awarded for each ship's port visit requiring husbanding services (NAVSUP, personal communication, February 15, 2019). Sound OPSEC practices are important to maintain security and freedom of movement of U.S. forces. Subsequent screening of subcontractors is an important link for maintaining security of operations. Vendor vetting is important to reducing risk in conducting business with third-party and foreign-national logistics providers. Weaknesses in the processes by which contracts and task orders are awarded and shortfalls in contractor oversight and payment processes have been the subject of review by the DON (Naval Audit Service, 2014). Sensitive information passed to HSPs during port-visit coordination presents a vulnerability in security of the U.S. Navy. The Glenn Defense Marine Asia corruption case (Whitlock, 2015) demonstrated the DON's vulnerability in contract management by exposing how HSPs can influence key personnel and compromise OPSEC in theater (Burke, 2013). That incident highlights how easily ship schedules can be manipulated or compromised to benefit an HSP. It also reveals the risks and uncertainty associated with security when working with foreign third-party vendors. Furthermore, during a time of major theater conflict, the logistical challenges of relying exclusively on HSPs can quickly mount to the point where port visits are no longer feasible, compromising the U.S. Navy's mission. Properly compiled, the information passed on to these contractors can provide insight to the type of mission and readiness of the fleet in theater.

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### Findings and Conclusions

This study followed a multimethod field study methodology combining literature review of unclassified and classified resources, archival data analysis as well as semi-structured interviews of subject matter experts. We have high confidence in the reliability of the information and data obtained as part of this process. Two groups of students used these methods to complete two separate master theses (Elliott, Percival and Steele [2019], Petrinovic, Rivera, Tran [2019]). We have combined results of these theses and augmented them with our own interviews and document reviews.

This research directly answers the need from OPNAV N4 to investigate the OPSEC considerations of HSPs and their implications for the entire spectrum of the naval forces deployed overseas. It fills a need to evaluate the consequence of using foreign HSPs supporting our fleet worldwide.

This research found that there is not a standardized robust security vetting process in place for conducting business with HSPs (NAVSUP, interview conducted with authors, March 20, 2019). In the absence of a standard vetting process, contracting officers (KO) are making a responsible determination on the HSP as prescribed in Federal Acquisition Regulation Part 9. Vetting HSPs and gaining a true understanding of a vendor's intentions and background is difficult. They are business/service providers that are not necessarily loyal to the U.S. Their priorities will naturally lie with their native country or with simplifying their processes to increase profits. To better secure the force, this research proposed three alternatives to close this security gap:

1. *Maintain Status Quo*: Maintain the current process with an understanding of the associated risks. Combine the responsibility determination made by the KO with the quality assurance surveillance plan conducted by the contracting officer representative (COR), and Port Visit Feedbacks provided by ships.
2. *Expand Security Requirements*: Expand the current vetting process to require prime contractors to disclose the subcontractors hired to fulfill the port visit task order. The subcontractors would then need to meet the same requirements of database representation and performance documentation as the prime contractor.
3. *Implement a Logistics Support Representative Program*: Introduce a fully vetted U.S. government representative to act as a liaison between HSP, COR and customer to handle sensitive information. This program would be implemented sooner in select ports based on corruption and terrorism indicators, and in regions with greater proximity to near-peer threats.

To support operations in a contingency environment, we made several recommendations. Some of them provide multiple benefits to the U.S. Navy, which is why we believe they should be researched in greater depth soon:

1. *Build our own organic capabilities* in the 7th Fleet AOR and in other AORs as needed. These assets would be better equipped to handle a surge in demand that would be beyond the capabilities of HSPs. It would improve security and it would allow prepositioning of assets required for port visits.

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2. *Enhance diplomatic relations with host nations* in all AORs, especially the ones that the U.S. military desires to use for port visits during a major theater conflict. Having other countries as allies would allow the U.S. military to use military ports or preposition organic assets would increase flexibility for the US Navy.
3. *Integrate logistics in the annual wargames* to highlight the challenges of pulling into foreign ports. Simulating poor communications and training supply officers to expedite port calls in such environments would increase everyone's resiliency.
4. *Expand the current vetting process* to require prime contractors to disclose the subcontractors hired to fulfill the port visit task order, as described above. Operations security and the safety of U.S. military personnel depends on understanding the backgrounds of those who work for HSPs. A random audit program is an excellent first step to ensure security.

This study contributes to the body of knowledge on the OPSEC considerations of HSPs. It identifies clear COAs to enhance the operational security of our forces when deployed overseas. Short-term implications are that the U.S. Navy still has an important weakness in its HSP program and that long-term structural changes need to be enacted soon.

### Recommendations for Further Research

Future research should focus on how such an organic capability could be created to support the U.S. Navy. Identifying the costs and the procedures associated with implementing these recommendations should be prioritized.

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### **Acronyms**

Area of Responsibility	AOR
Courses of Action	COA
Contracting Officer Representative	COR
Department of the Navy	DON
Husbandry Service Provider	HSP
Contracting Officer	KO
Multiple Award Contract	MAC
Operational Security	OPSEC
Naval Supply Systems Command	NAVSUP