



BUILD ELECTRONICS BETTER

CMMC Survey Results

March, 2021

Methodology



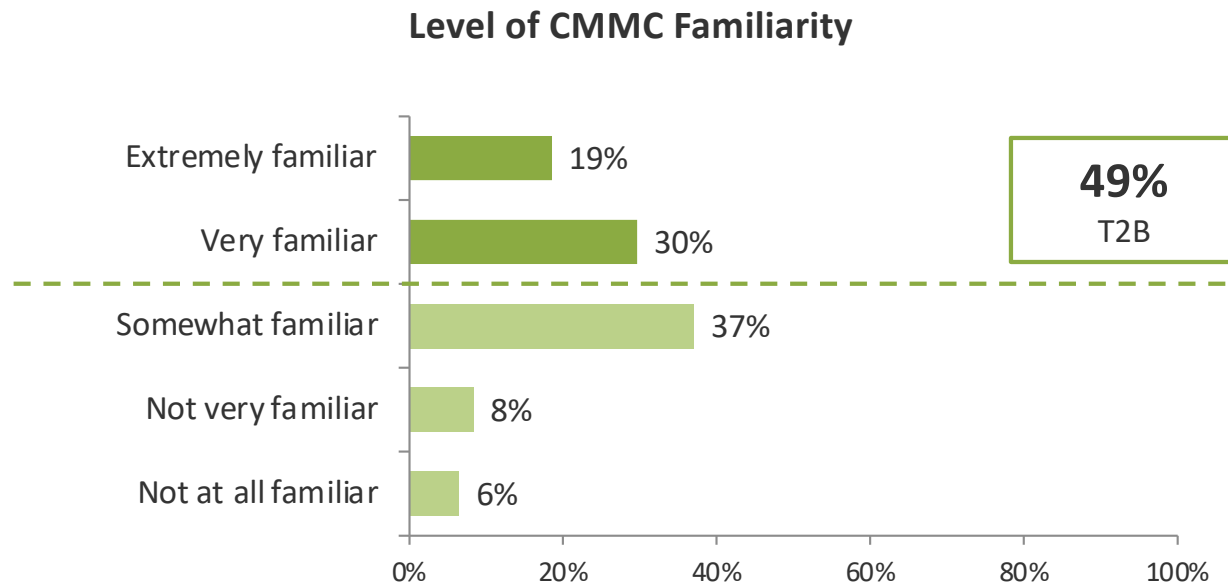
Methodology

This report represents the findings of an online quantitative survey fielded among n=108 manufacturers between February 25 and March 5, 2021. Respondents were sourced from IPC membership and consisted of manufacturers planning to undergo a CMMC assessment in the next five years.

Main Findings

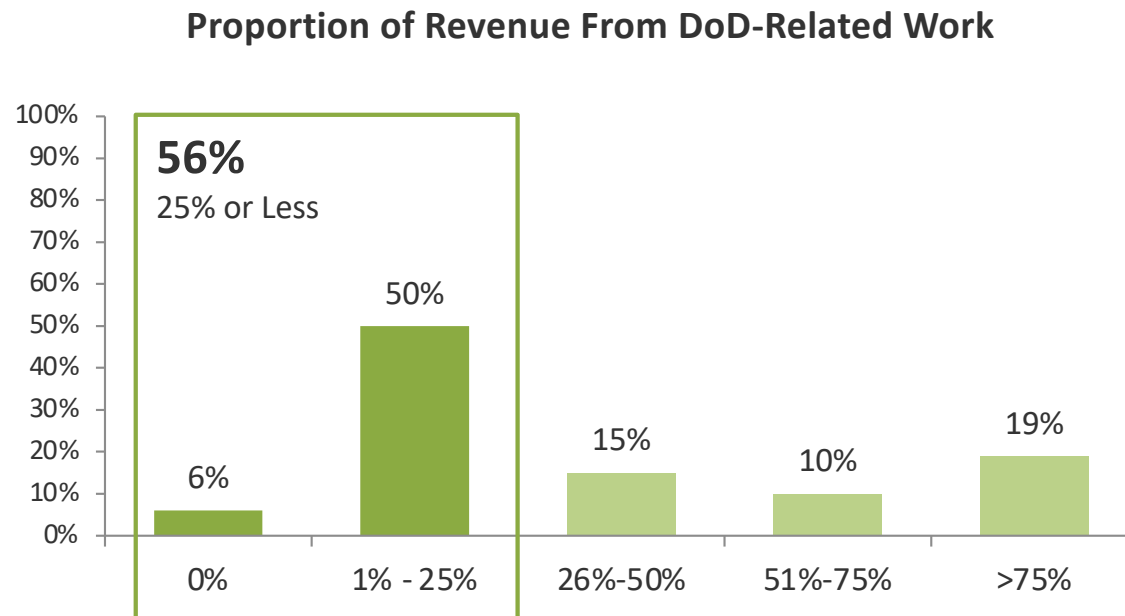


Half (49%) Indicate High Level of Familiarity With CMMC



Q3: How familiar are you with the CMMC? (n=108)

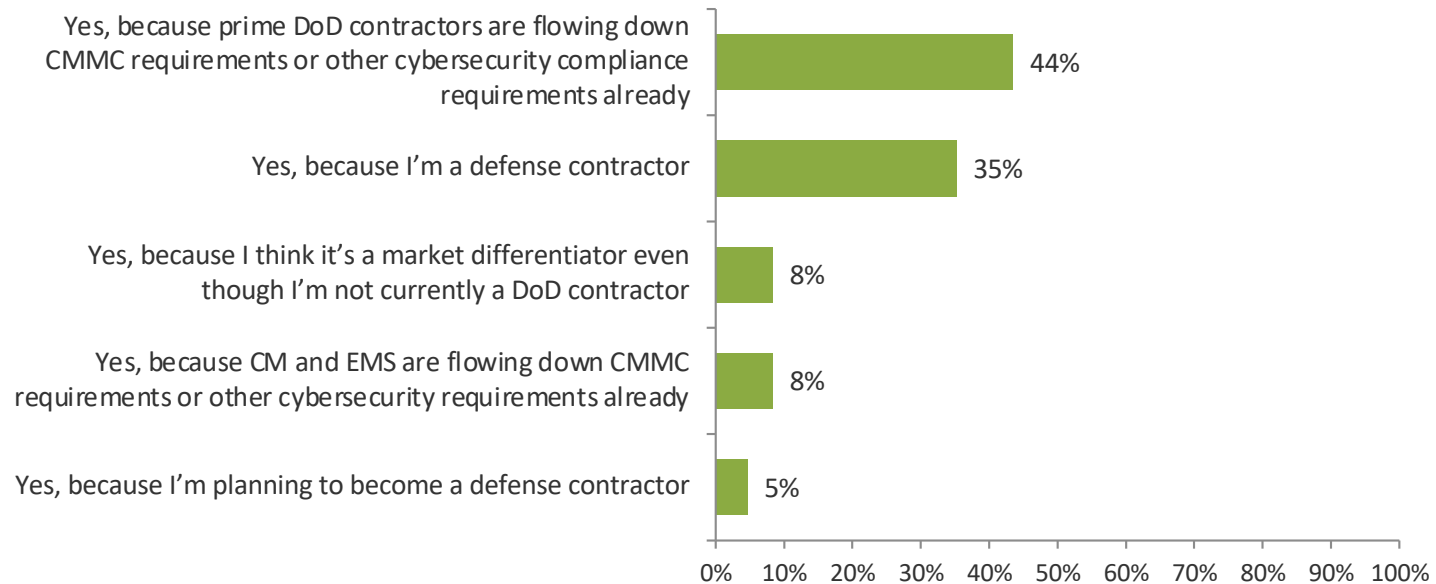
Nearly Three-Fifths (56%) Report DoD-Related Work Accounts for Less Than a Quarter of Total Revenue



Q5: What proportion of your revenue comes from DoD-related work? (n=108)

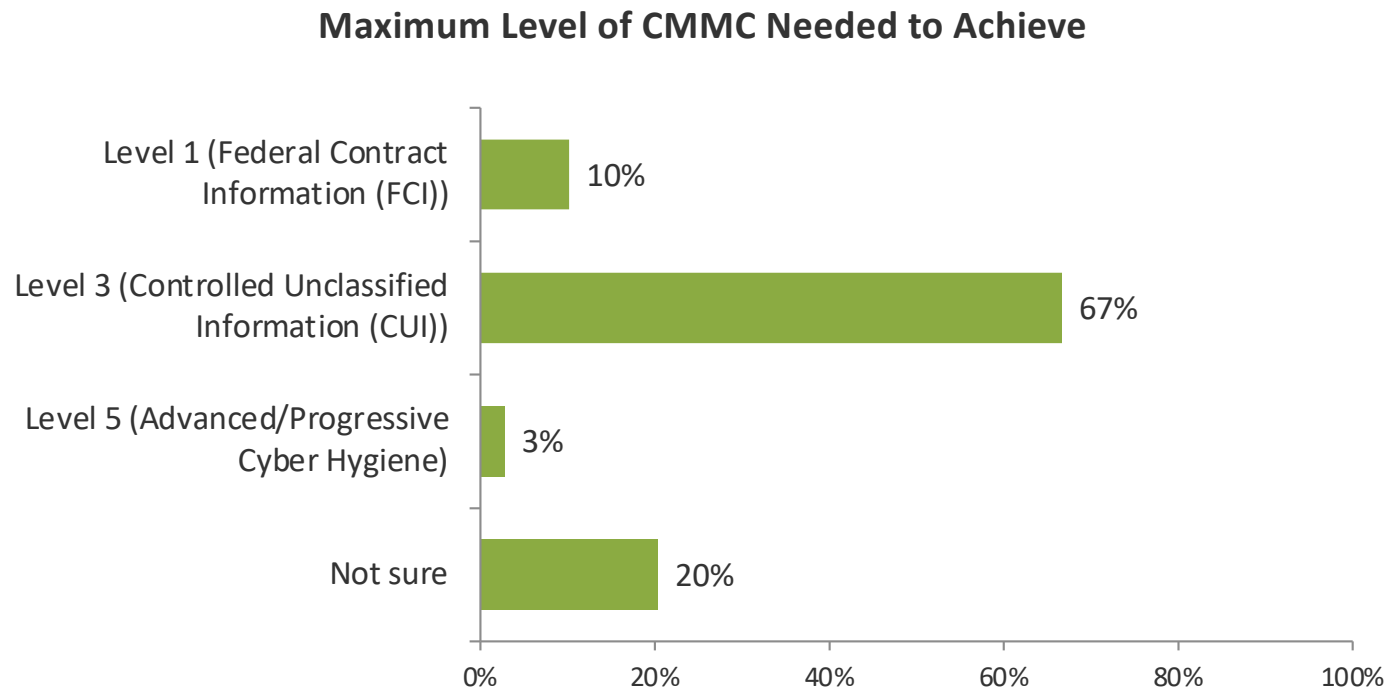
Top Reasons for Planning CMMC Assessment Include Prime DoD Contractors Flowing Down Requirements (44%) and Being a Current Defense Contractor (35%)

Reasons for Planning to Undergo CMMC Assessment



Q6: Are you planning to undergo a CMMC assessment in the next five years? (n=108)

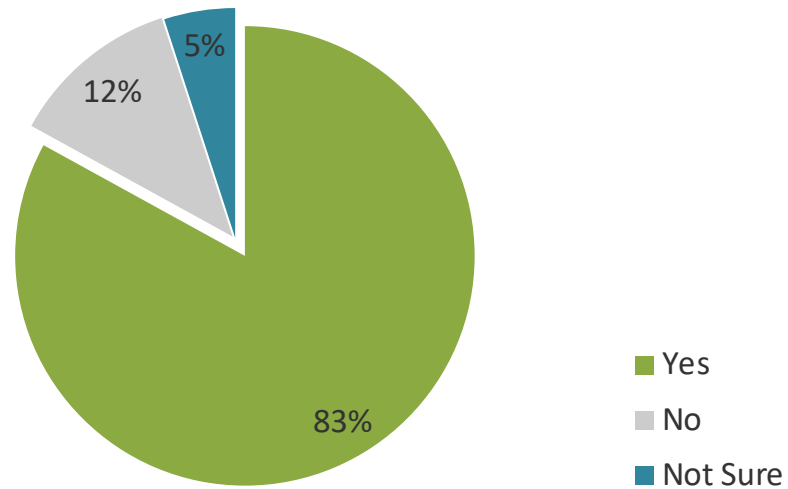
Two-Thirds (67%) Identify a Need to Achieve CMMC Level 3 Based on the Type of Information Handled



Q7: What maximum level of CMMC do you think needs to be achieved based on the type of information you handle? (n=108)

Four-Fifths (83%) Handle Controlled Unclassified Information

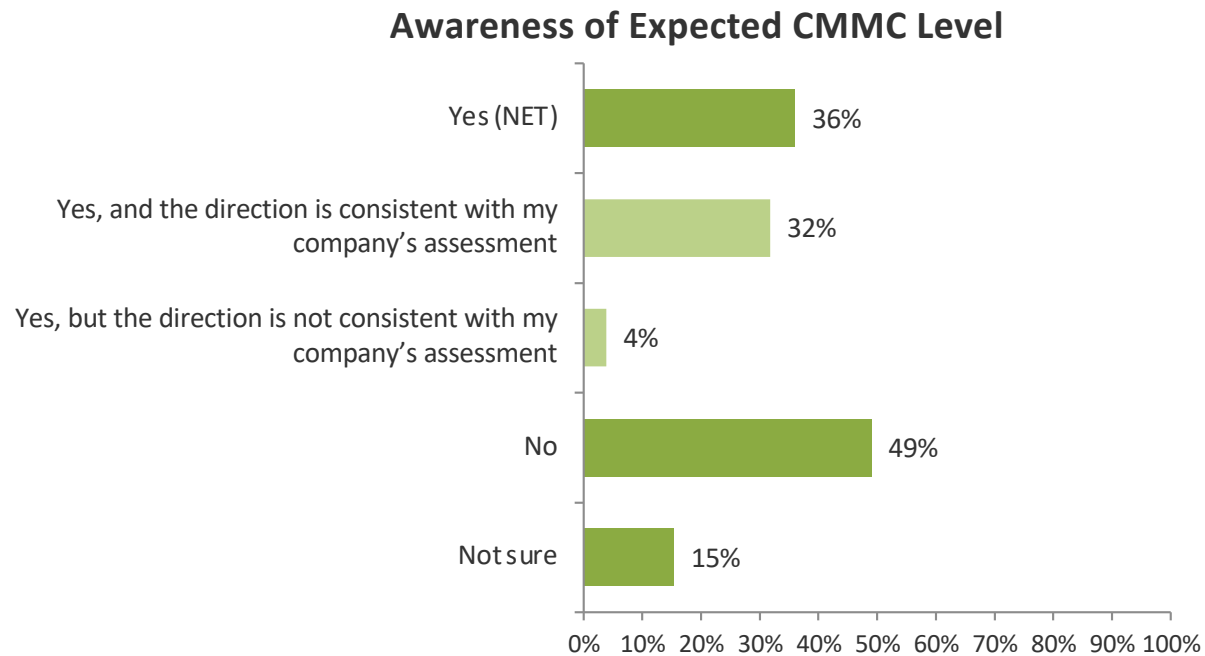
Handling of Controlled Unclassified Information



Q8: Do you handle Controlled Unclassified Information (CUI), including ITAR? (n=108)

Just Over One-Third (36%) Have Been Informed of Expected CMMC Level by a Prime Contractor

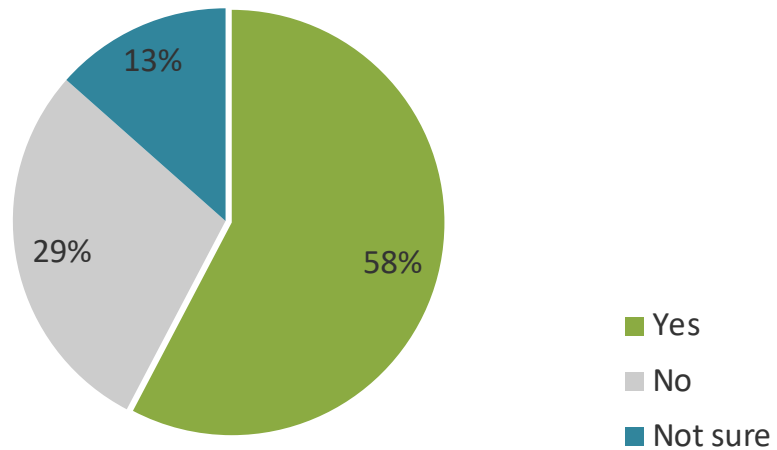
Among those who have been told expected CMMC level, the majority indicate the direction is consistent with their company's assessment



Q9: Have you been told by a prime contractor which CMMC level they expect you to achieve? (n=104)

Three-Fifths (58%) Have Been Asked to Conduct a NIST 800-171 Self-Assessment

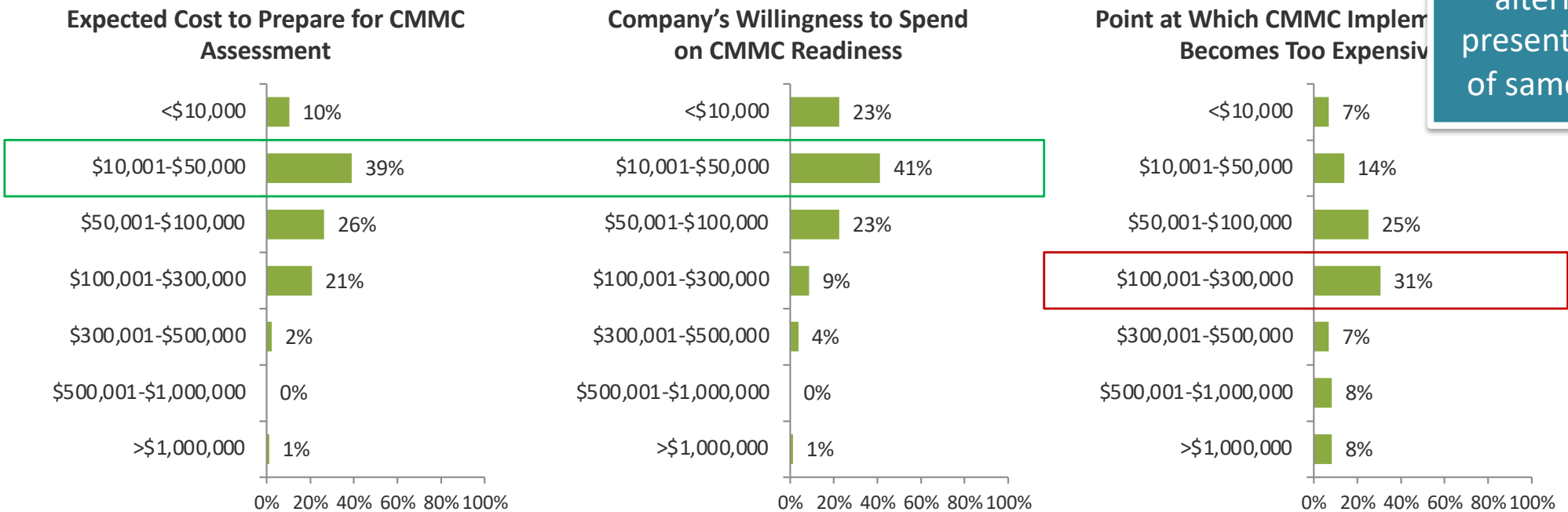
Incidence of Being Asked to Conduct a NIST 800-171 Self-Assessment



Q10: Have you been asked by a prime contractor to conduct a NIST 800-171 self-assessment and report a score into SPRS? (n=104)

Majority Expect and are Willing to Spend Upwards of \$50k on CMMC Readiness, With the Point of Marginal Expensiveness Being in the Range of \$100-\$300k

CMMC Readiness Expenditures



Slides 9+10
 alternative presentation of same

Q11: How much do you think it will cost you to prepare for the CMMC assessment (hiring outside consultants, remediating gaps, implementing new solutions, changing your current manufacturing processes, etc.)? (n=87*) / Q12: How much money is your company willing to spend on the CMMC readiness process? (n=80*) / Q13: At what price point does the CMMC implementation become too expensive for you and therefore may cause you to reconsider serving DoD contracts? (n=72*)
 Excludes "Don't know responses"

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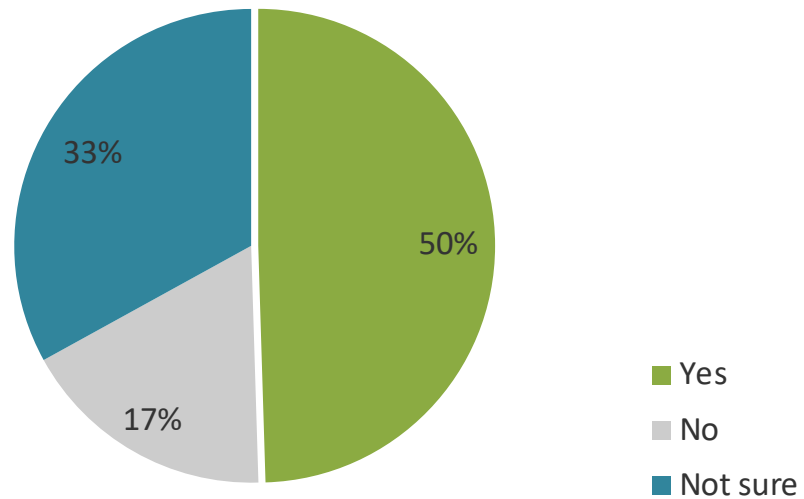


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Half (50%) Expect to Recover CMMC-Related Costs Through DoD Contracts, While One-Third (33%) Remain Unsure

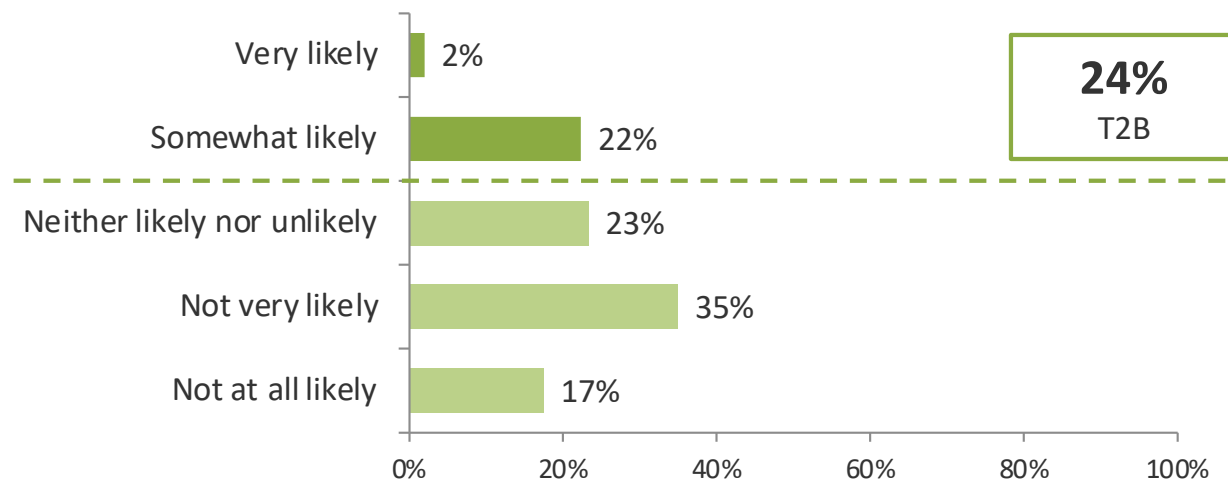
Expect to Recover CMMC-Related Costs



Q14: Do you expect to recover CMMC-related costs through DoD contracts? (n=103)

One-Fourth (24%) Indicate it is Likely Their Company Will be Forced Out of the U.S. Defense Market Due to Costs and Burdens Associated With CMMC

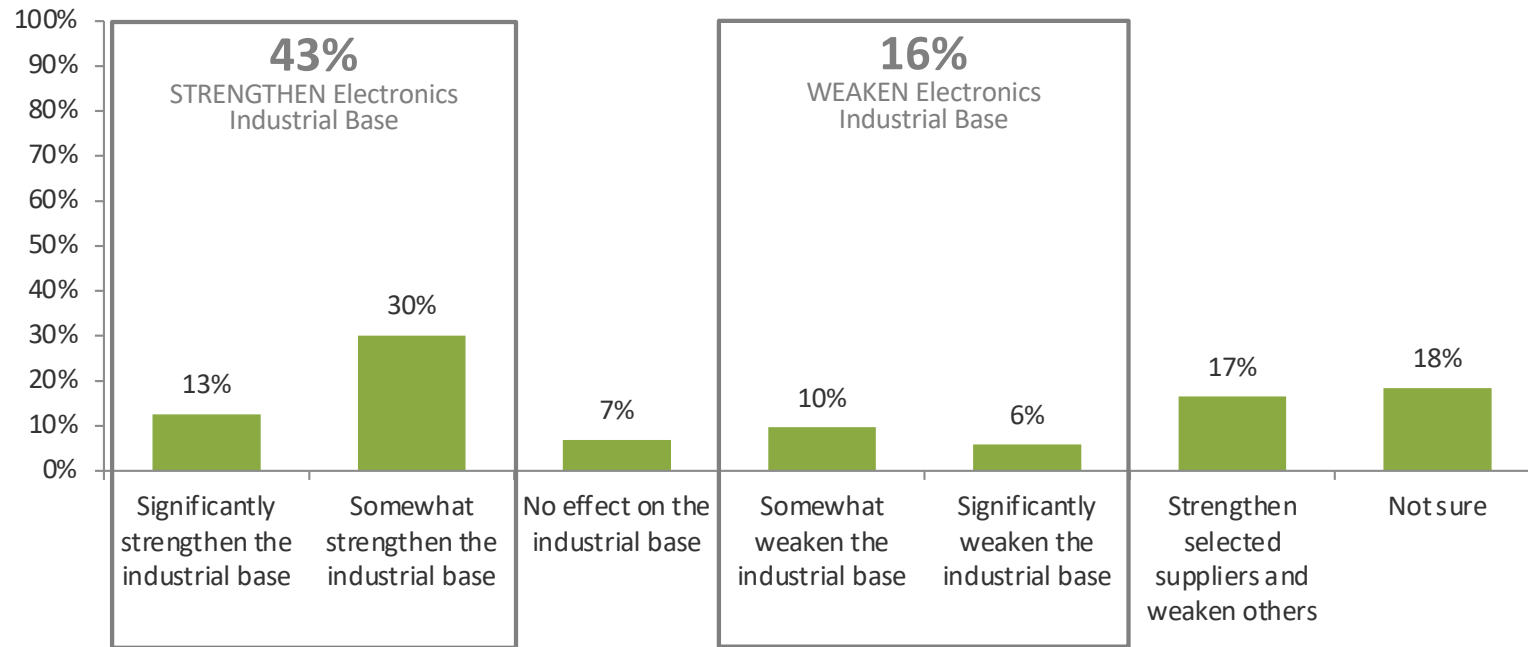
Likelihood of Being Forced Out of U.S. Defense Market



Q15: How likely is it that the costs and burdens associated with CMMC will force your company out of the U.S. defense market? (n=103)

Two-Fifths (43%) Feel CMMC Will Strengthen the U.S. Defense Electronics Industrial Base

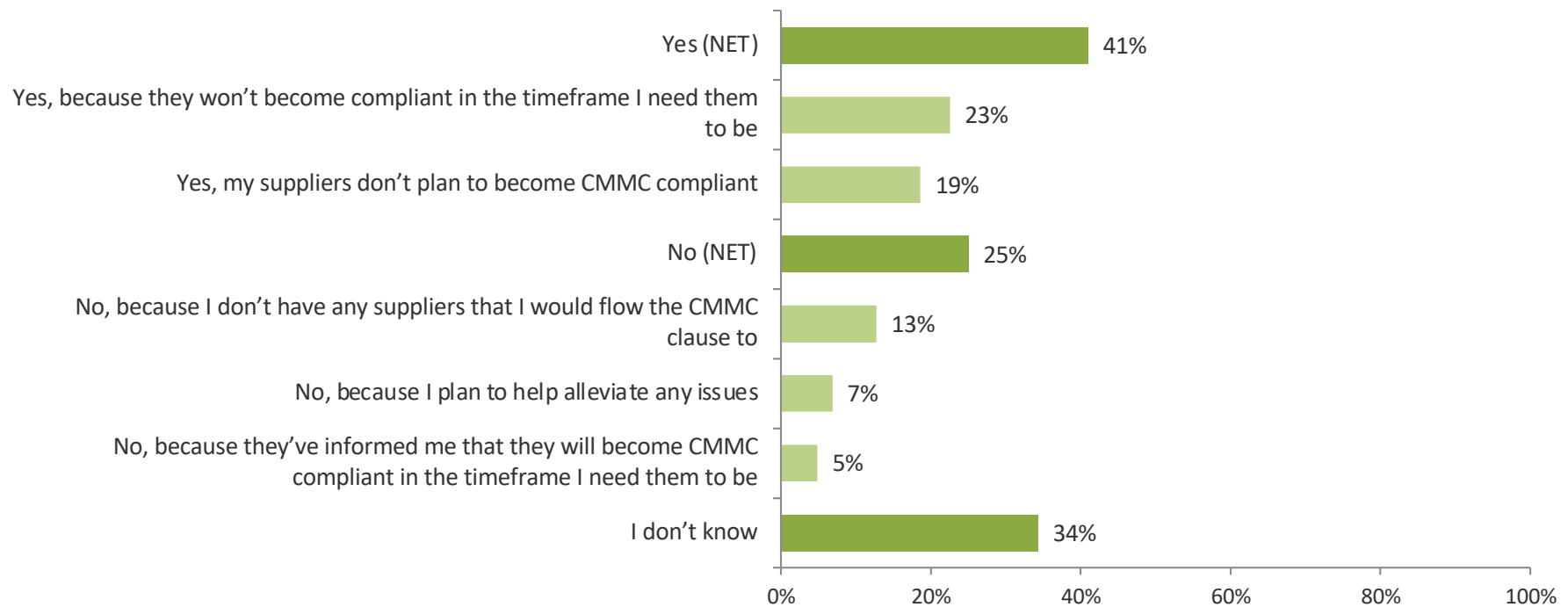
CMMC Impact on Resiliency of the U.S. Defense Electronics Industrial Base



Q16: What effect will CMMC have on the resiliency of the U.S. defense electronics industrial base? (n=103)

Four in Ten (41%) Believe Flowing the CMMC Clause to Their Suppliers Will Create Other Issues With the Supply Chain

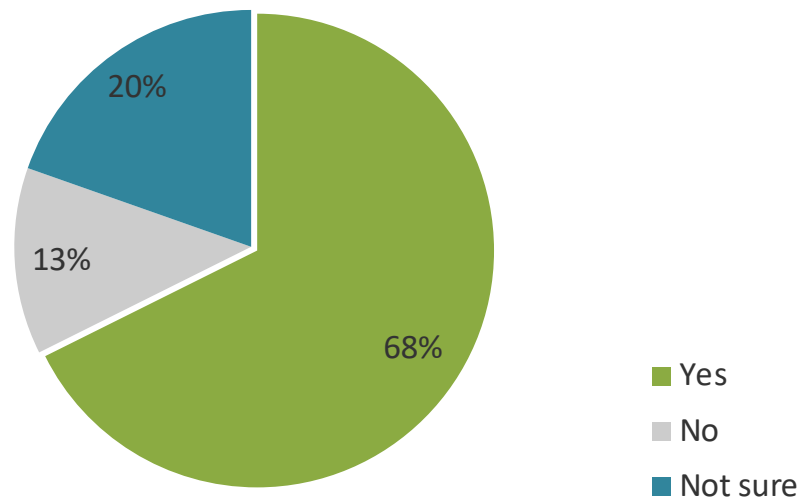
Will Flowing CMMC Clause to Supply Chain Create Other Issues?



Q17: Do you believe flowing the CMMC clause to your supply chain will create other issues with your own supply chain? (n=102)

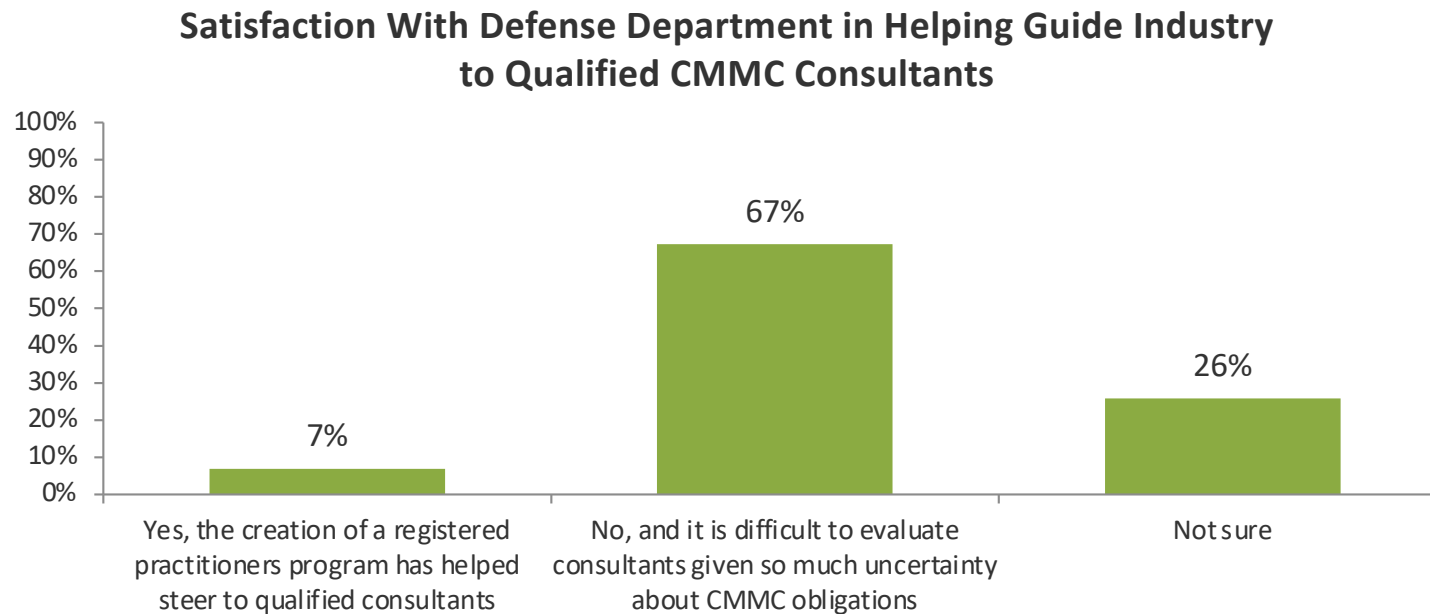
Seven in Ten (68%) Foresee the Need to Hire a Consultant or Bring in Outside Help to Prepare for CMMC Assessment

Need for Consultant/Outside Help for CMMC Readiness



Q18: Do you think you'll need to hire a consultant or bring in outside help to prepare your company for the CMMC assessment? (n=102)

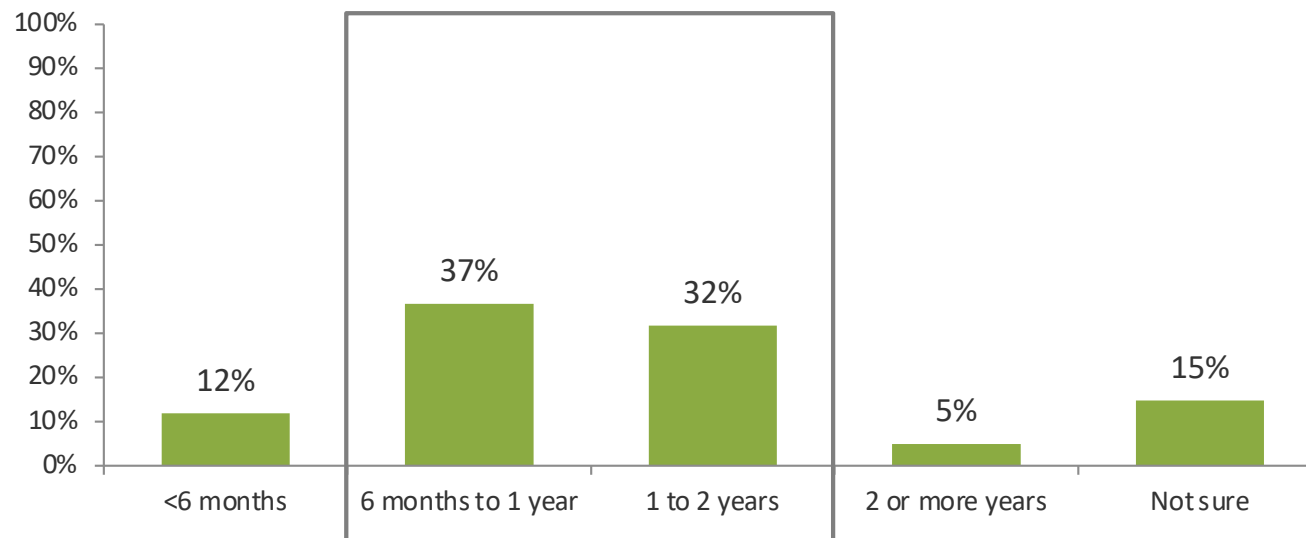
Fewer Than One-Tenth (7%) Feel the DoD Has Done Enough to Guide the Industry to Qualified Consultants Who Can Help With CMMC Readiness



Q19: Has the Defense Department done enough to help guide the industrial base to qualified consultants who can help companies prepare for assessment? (n=101)

Nearly Two-Fifths (37%) Expect to be Ready to Undergo a CMMC Assessment in 6-12 Months, While One-Third (32%) Expect to be Prepared in 1-2 Years

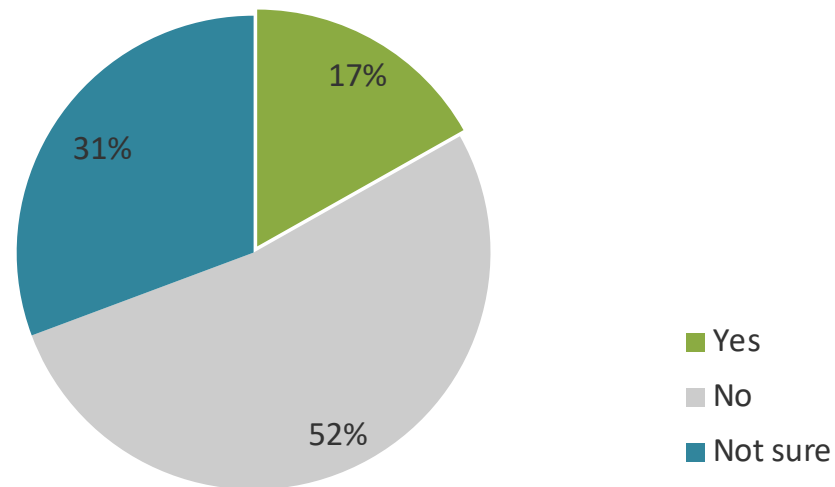
Expected Timeline for CMMC Readiness



Q20: How long do you think it will take you to be ready to undergo a CMMC assessment by a C3PAO? (n=101)

One-Fifth (17%) Indicate DoD Has Provided Industry With Sufficient Guidance to Support CMMC Preparedness Efforts, While Half (52%) Indicate It Has Not

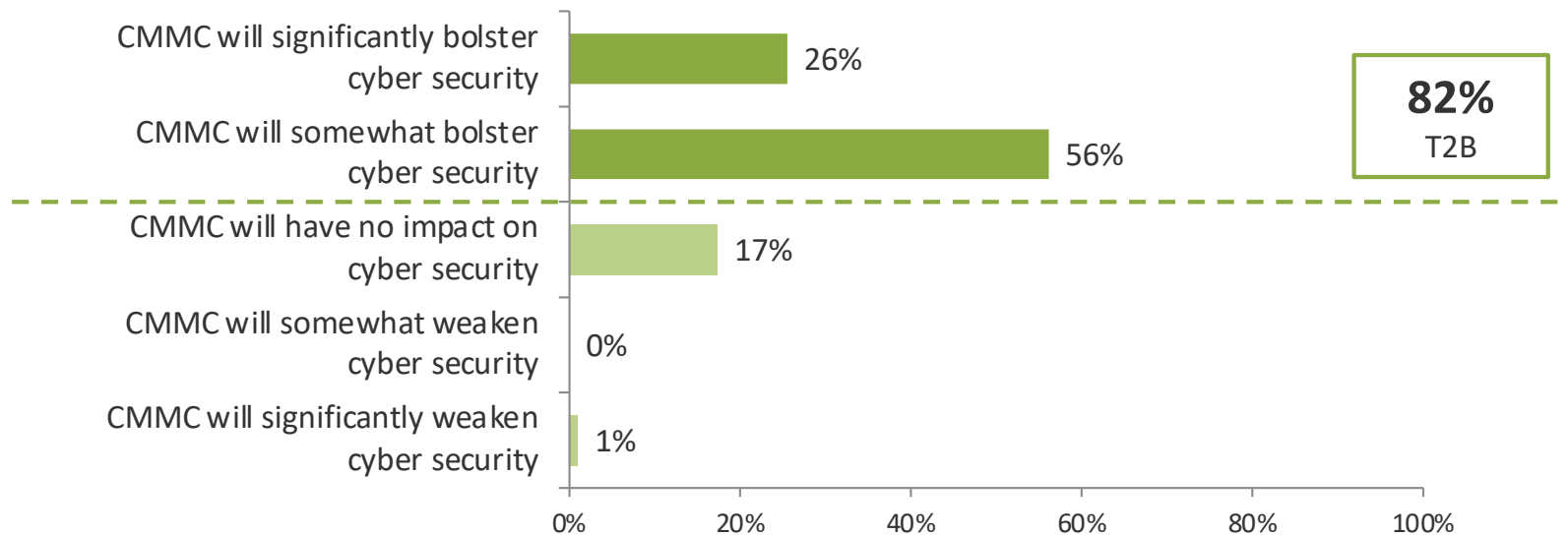
Received Sufficient Guidance from DoD to Support Efforts to Prepare for CMMC Assessment/Certification



Q21: Has the U.S. Department of Defense provided your company and the industry sufficient guidance to support your efforts to prepare for your assessment and gain your eventual certification? (n=101)

Four-Fifths (82%) Agree CMMC Will Bolster the Cyber Security of the U.S. Defense Industrial Base

CMMC Impact on U.S. Defense Industrial Base Cyber Security



Q22: To what extent do you believe that CMMC will impact the cyber security of the U.S. defense industrial base? (n=98)

Open End Feedback: What Support Could DoD Provide to Help Your Company Comply With CMMC?

Clear understanding of standards/process/requirements and financial assistance identified as ways in which DoD could assist in CMMC compliance; tools and resources and certain exemptions also frequently mentioned

Clear Standards/Process/Requirements

- “A clear standard and a process to get independent auditors established, similar to AS9100.”
- “Have exact guidelines and resources for each level of the CMMC requirements. Everything is too open ended.”
- “Details explaining the requirements and what minimum is needed to meet them.”
- “Continued clarifications as to upcoming expansion of the requirements. There is a difference between the number of NIST requirements and CMMC requirements.”
- “Clear definitions as to what is/is not required at various levels and a roadmap to understand exactly what is required for sub-tier suppliers.”
- “Better info on audit requirements. More detail on levels to be required by prime defense contractors.”
- “Specific guidelines on who is required and how CUI is determined.”
- “Clear guidance, specific regulations, and a firm timeline.”

Tools & Resources

- “The DoD should provide a software framework to evaluate systems. Since most companies use Microsoft or Linux, I would setup a program that could evaluate the systems user and file security. I would also consider developing out of the box Active Directory policies that could be applied by sys admins. As of right now, the DoD has not done anything but create ambiguous regulations that are open to interpretation. DoD needs to provide the technological tools (and policy templates) for CMMC to be equal and successful.”
- “DoD should have some level of free advice, perhaps a help desk.” where one can email questions and set up phone calls.”
- “Podcasts, virtual Town Hall Meetings.”
- “Training and coaching webinars.”
- “A point of contact who would answer questions and provide direction to smaller contractors.”
- “List of CMMC auditors for regions of U.S.”
- “List of outside consultants in our area.”

Financial Assistance

- “Many smaller suppliers will struggle with cost implications and this will impact current subcontractors who are pursuing CMMC certification. Their supply chain may not be capable or able to support them, even after the subcontractor receives their certification. Cost impact is greater as you move down the supply chain and many small players will simply not participate as a result.”
- “Funding, grants for small businesses like ourselves (<\$10M). We want to get into compliance, but it's difficult to measure ROI on what appears to be a \$50k+ investment when we don't currently generate much revenue from defense.”
- “Perform assessments and guidance themselves and not have industry have to carry the cost burden of 3rd party assessors and consultants.”
- “Acknowledge the cost to small businesses to implement fully and allow cybersecurity “surcharges” to be added to contracts and subcontracts to recover the cost of implementation.”

Exemptions

- “Allow small business to claim a waiver for CMMC compliance, particularly if we do not have anything to do with design and development of systems.”
- “At some level, various companies could be considered exempt. Many obligations and compliance mandates are applied that really need not be. Being ITAR registered and self-certifying at a lower level should be sufficient across a certain strata of operations, documentation, and processes.”
- “Relaxation of requirements for some suppliers.”

Open End Feedback: In your own words, please describe your company's experience preparing for CMMC.

Experience is widely varied as companies are in different stages of adoption; however, general sentiment alludes to confusion, complexity, and cost

"Very detailed, extensive requirements, probably long overdue. We hired full-time IT and part-time system design consultant, procedural company changes, hardware and software support efforts, and training employees for compliance. Lots of moving parts. We definitely see it as a competitive advantage in the small DoD business environment."

"It's been a challenge as it is a big undertaking for a small company. I feel that it is important and am pushing for us to get ahead of it. We do not have the extra cash flow to do it all at once, so we have been chipping away at it."

"Confusing at best. Very costly. No clear guidance on how to comply, so left with the consultants, taking their best guess at our expense."

"It has been a frustrating and confusing process. Requirements have changed and have been unclear. Our customers who flow down the requirements provided little, if any, assistance."

"It has been very difficult to determine what level of certification is required. Our customers don't yet know either. We have attended numerous webinars, and while they are informational, there is not a lot of concrete information yet available."

"So far it seems like we are diving into a hole that we don't know how deep or wide it is. We are trying to accomplish the mission but are still not sure on some of the requirements."

"We've gone through an assessment and now realize that we have a significant amount of work to do and will have to make significant changes to our internal and external logistics and infrastructure."

"We are having challenges determining who is truly qualified (resources, personnel, training etc.) to assist with the systems development, monitoring, and testing."

"It has been very challenging. After spending a considerable sum, outside consultants provided a POAM to follow. The scope is huge and the cost to remediate is very expensive. The cost to go the government cloud is also cost prohibitive for mid-size organizations that have infrastructure on prem. The ambiguity in the CMMC language, combined with no effective tools, will set many companies up to fail."

"For our size company, this is a big ask. I'm not sure the DoD understands how many small businesses will quit supply rather than deal with this. If defense is 20% of your business, you might just stop or reject the contract clause."

"Very costly, disruptive... Regrettably, several critical process subcontractors have stated they will not be CMMC."

"We are really only just now learning about CMMC and how to move forward. It's been a lot of jargon that we've had to analyze and try to interpret."

Appendix



Demographic Profile

Annual Revenues	
Less than \$5 million	28%
\$5 to \$50 million	46%
\$50 to \$250 million	15%
\$250 to \$1 billion	4%
\$1 billion or more	7%
Industry Segment	
EMS/Contract Manufacturer	39%
Printed Circuit Board Fabricator	19%
Original Equipment Manufacturer	12%
Materials Supplier	6%
Equipment Supplier	6%
Wire Harness	6%
Other (please specify)	13%
Current/Planned DoD Contractor/Sub-Contractor	
Yes	90%
No	10%

Q1: What are the annual revenues of your company? (n=108) / Q2: What segment of the industry does your company most closely associate itself with? (n=108) / Q4: Are you currently a US defense contractor, sub-contractor, or plan to become one in the next year? (n=108)