



Defense Logistics Agency

delivering 21st century logistics

**Defense Logistics Agency Overview To
“2004 Department of Defense Maintenance
Symposium and Exhibition”**

**Putting Parts in the Hands of the
Maintainer**

**Ms. Christine Gallo
Executive Director
Business Modernization and
Integration**

DLA HQ
October 20, 2004



The DLA Enterprise

Updated Oct. 1, 2004

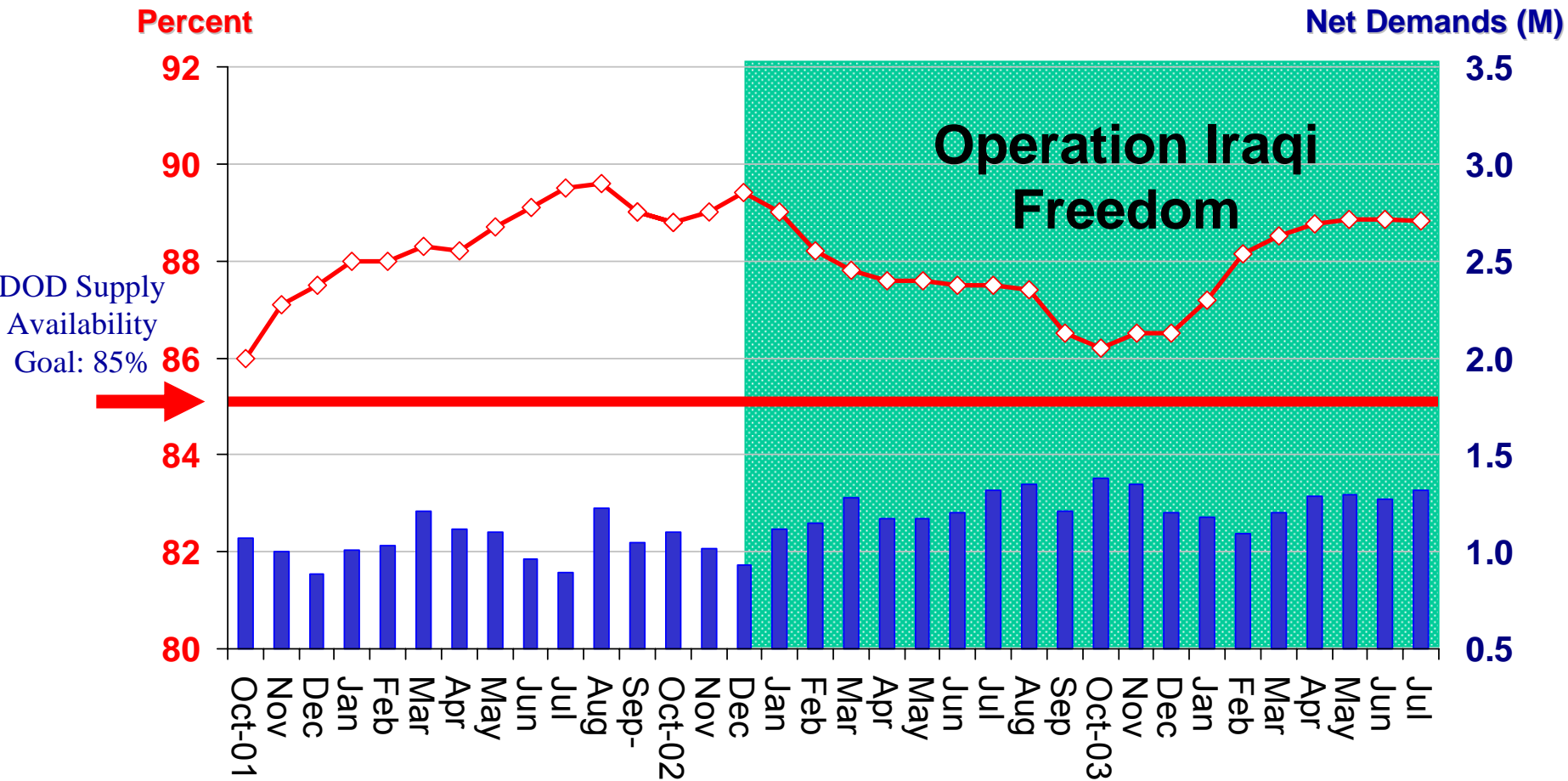
FY 02 Sales/Services	\$21.5B	Scope of Business
FY 03 Sales/Services	\$25B	45,000 Requisitions/Day
FY 04 Projection	\$28.9B	8,200 Contracts/Day
Land/Maritime/Missiles	\$ 2.7B	#54 Fortune 500 – Above Northrop
Aviation	\$ 3.3B	Grumman
Troop Support	\$10.2B	#2 in Top 50 Distribution Warehouses
Energy	\$ 5.2B	25 Distribution Depots
Distribution	\$ 2.2B	5.2 million items
Other	\$ 1.4B	24.7M Annual Receipts and Issues
Foreign Military Sales	\$719M	1411 Weapon Systems Supported
Shipments	580K	147.7M Barrels Fuel Sold (FY 03)
Supporting	124 nations	\$12.5B Annual Reutilizations/Disposals

People 21,490 Civilians
524 Active Duty Military

637 Reserve Military
Located in 48 States & 28 Countries

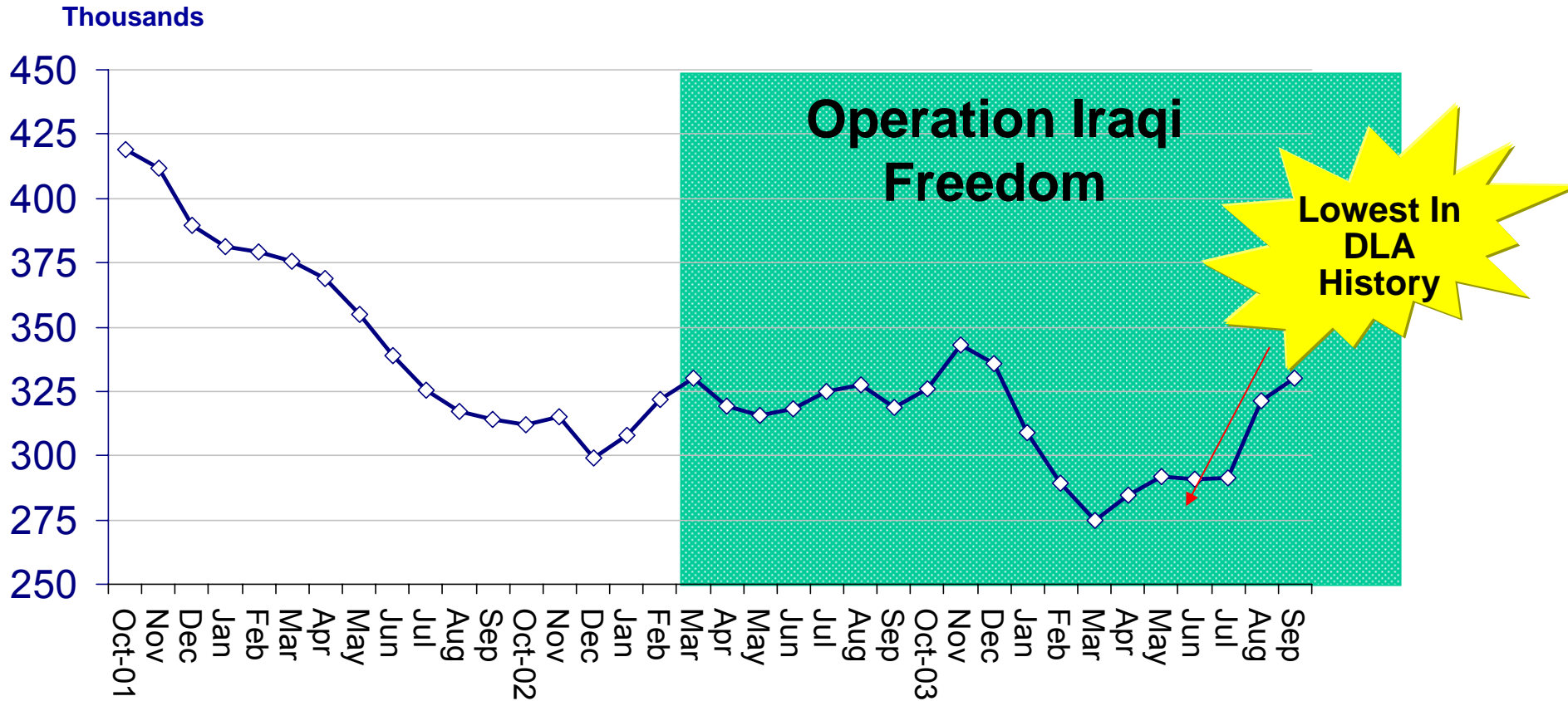


Supply Availability Hardware Total





Backorders Hardware

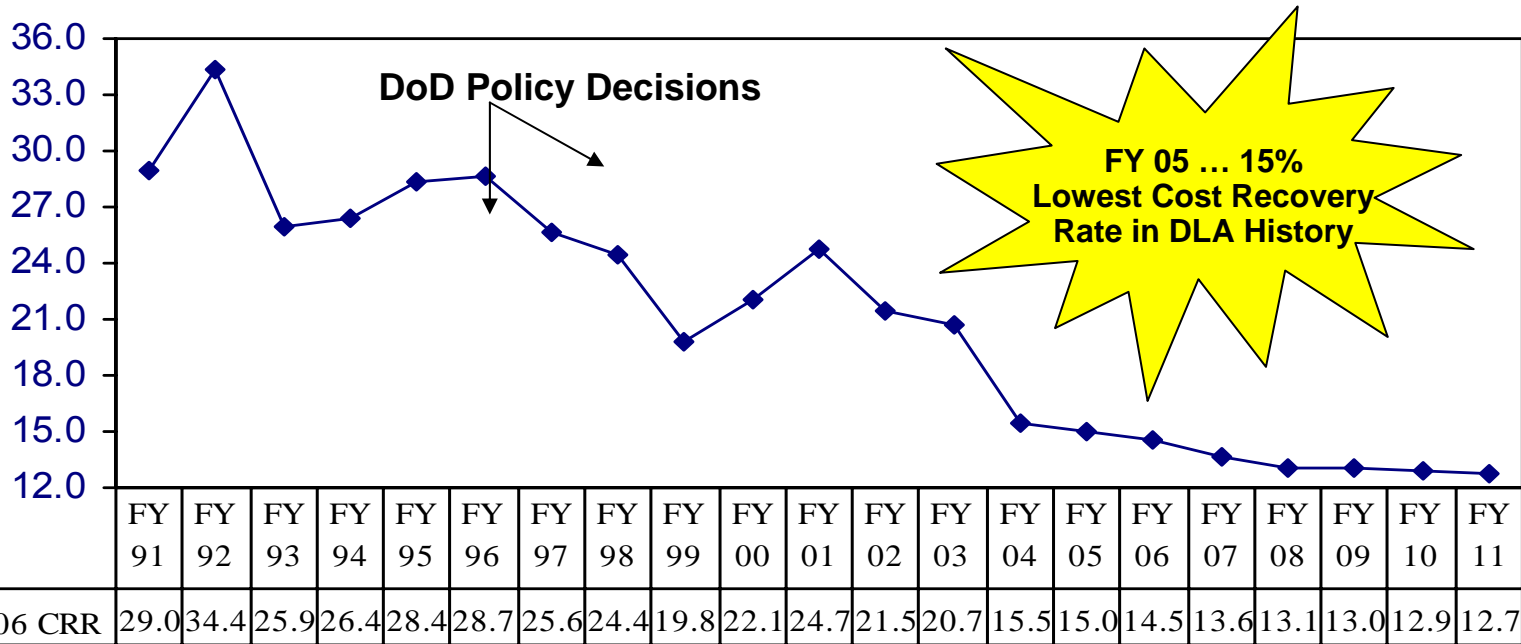




Cost Recovery Rates Over Time

CRR %

(Operating Costs as a Percentage of Total Sales)



Savings Returned to Warfighter

(FY 06-11 based on PBR 2006 Proposal)



What We're Doing to Make Support Better

- More stable financing (no hold tables)
 - Reduced volatility in workload
- Better collaboration with customers and suppliers
 - Improved forecasting and delivery
- More long-term contracts with suppliers
- Increased reliance on more highly automated strategic distribution centers
- Shorter administrative lead times through process improvements
 - Shifting from manual to automated buying procedures

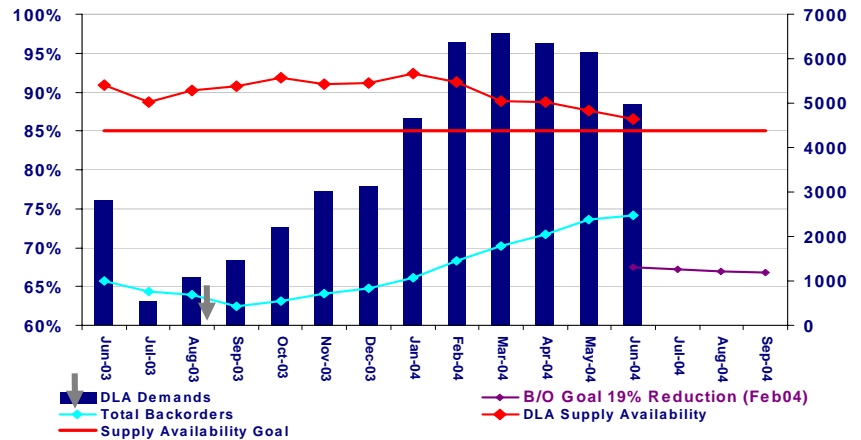


Readiness Review Sample Charts

A Military Service's Level A Systems

WSDC	Level A Weapon System	SA	BO	Readiness	WSSM
	Weapon System 1	G	G	R	Y
	Weapon System 2	G	G	G	G
	Weapon System 3	G	G	R	Y
	Weapon System 4	G	G	R	Y
	Weapon System 5	G	G	R	G
	Weapon System 6	G	R	G	G
	Weapon System 7	G	R	NA	Y
	Weapon System 8	G	G	R	Y
	Weapon System 9	G	R	G	Y
	Weapon System 10	G	G	NA	G
	Weapon System 11	G	G	R	G
	Weapon System 12	G	G	G	G

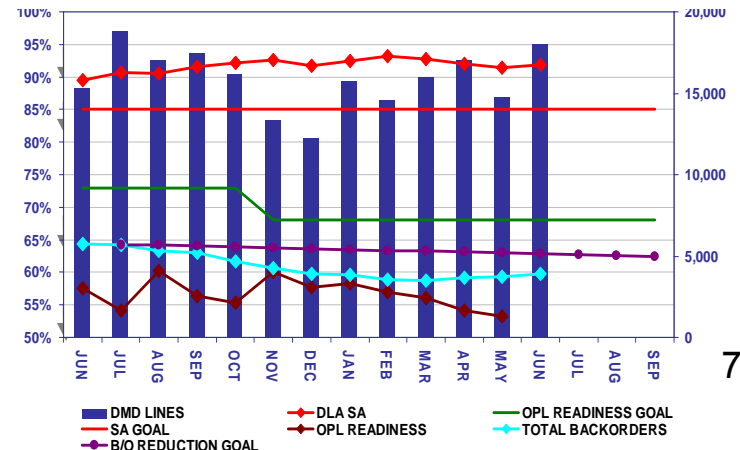
DLA Support to a Maintenance Depot



Aviation Weapon System Performance Metrics

Airframe System	SA	BO	Readiness	WSSM Assessment
WS 1	G	G	G	G
WS 2	G	G	R	G
WS 3	G	G	R	G
WS 4	G	R	R	G

DLA Performance in Support of a WS





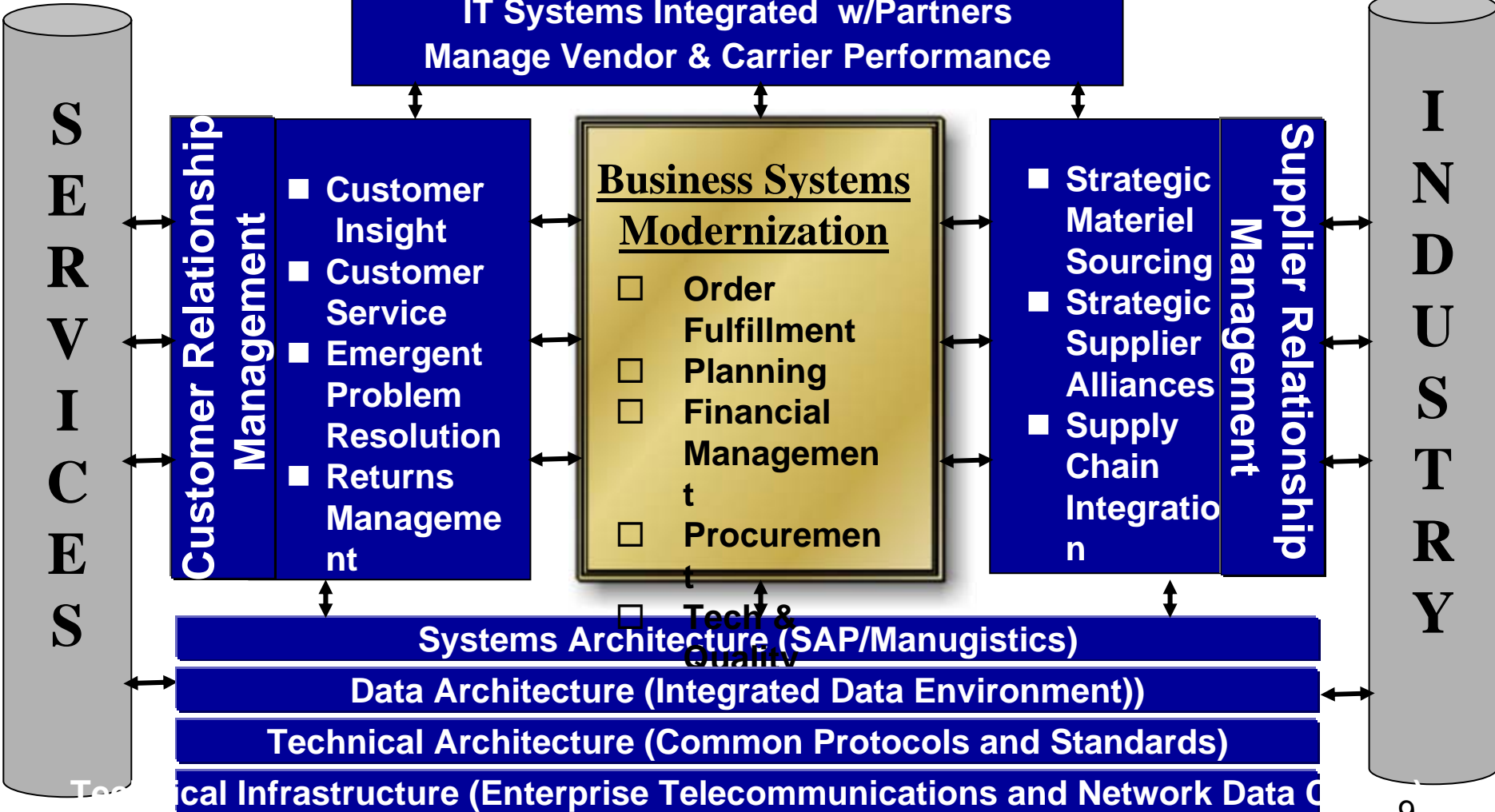
SSA Metrics Matrix

SSA	NSN Growth	ALT % Change	PLT % Change	Quality	Back orders	Price Control	Delivery	Nov 03 Base	ADV on K
								Delivery	
COMPANY A	100.0%	-65.3%	-14.1%	0	-90.7%	2.6%	99.3%	n/a	82.0%
COMPANY B	95.7%	-82.0%	18.9%	0	-32.1%	20.2%	95.5%	85.7%	32.4%
COMPANY C	100.0%	-38.1%	-1.6%	0	-74.7%	-7.4%	90.1%	n/a	73.7%
COMPANY D	100.0%	-90.4%	-71.4%	4	-76.3%	1.0%	94.0%	94.7%	93.2%
COMPANY E	110.5%	-95.6%	-85.2%	6	-79.1%	-5.3%	91.9%	90.6%	59.6%
COMPANY F	100.0%	-79.0%	-24.0%	0	179.2%	-3.7%	75.3%	100.0%	7.1%
COMPANY G	115.4%	-79.7%	-30.1%	0	-60.8%	-0.1%	80.8%	100.0%	65.1%
COMPANY H	126.5%	-54.5%	-12.0%	6	-74.9%	-7.5%	92.6%	94.0%	79.3%
COMPANY I	101.0%	-78.3%	-31.5%	6	-90.1%	-10.9%	88.4%	80.9%	75.7%
COMPANY J	171.0%	-82.8%	-13.6%	12	-83.8%	-2.4%	93.4%	90.2%	66.3%
COMPANY K	103.4%	-78.7%	-20.4%	3	-73.6%	-1.8%	93.3%	n/a	15.1%
COMPANY L	103.8%	-91.2%	-53.4%	0	-50.4%	7.4%	97.8%	n/a	51.1%
COMPANY M	68.5%	-64.9%	19.2%	0	-49.3%	-7.0%	75.0%	42.9%	10.0%
COMPANY N	111.7%	-67.7%	-10.4%	3	-73.2%	-19.5%	78.9%	79.5%	64.1%
COMPANY O	125.6%	-72.7%	-10.8%	0	-40.8%	-2.6%	94.6%	93.6%	84.3%
COMPANY P	117.9%	-57.6%	32.2%	1	-64.9%	16.7%	92.6%	n/a	89.4%
COMPANY Q	129.6%	-94.5%	-88.3%	7	-93.8%	-5.6%	67.0%	52.0%	93.3%
COMPANY R	88.0%	-76.0%	-7.0%	0	-27.0%	-20.0%	97.0%	99.2%	100.0%
COMPANY S	<1%	-47.9%	5.4%	0	7.8%	-8.4%	74.2%	n/a	72.0%
COMPANY T	100.0%	-44.7%	-34.9%	1	<1%	3.2%	93.9%	96.7%	97.0%
COMPANY U	1.3%	-46.2%	-17.5%	3	4.2%	-5.8%	70.8%	n/a	45.0%



How DLA Pursues

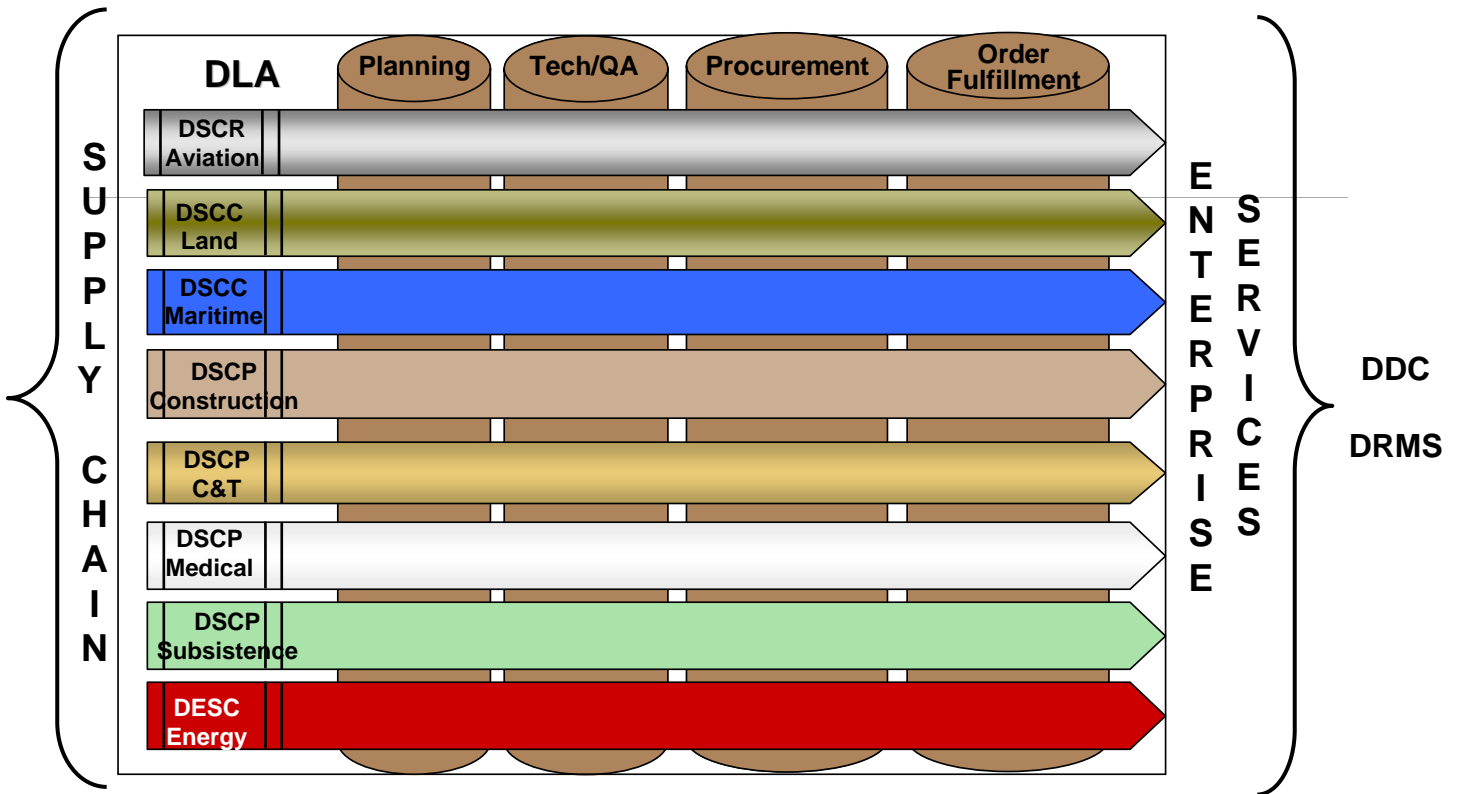
Transformation
Distribution Planning Management
Load Planning
Network Warehouse Management
IT Systems Integrated w/Partners
Manage Vendor & Carrier Performance





E2E Supply Chain Integration

Objective: Transform DLA's business support methods and processes into a disciplined integrated framework that delivers improved and total integrated logistics solutions to the warfighter.





Bottom Line

- Critical Combat Enabler...Light and Agile
- Focused on Improved warfighter support and reduced costs
 - 32.8% reduction in backorders and improved readiness (since Oct 01)
 - 51% decrease in cost recovery rates
- “New Normal”
 - DLA Leaning Forward to Support Warfighter
 - Experiencing Peaks and Valleys in Customer Demand

Moving Closer to

Customer



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Mr. Douglas French
Forecasting
Planning Process Owner
DLA HQ

**Putting Parts in the Hands of the
Maintainer**

October 26, 2004



Business Systems Modernization Is...

- Major Reengineering Effort--Massive Change For Our Workforce, Creation Of An Enterprise
- Incorporating Best Practices Via Commercial-Off-The-Shelf (COTS) Based Tools
- BSM Replaces 30 Year Old Legacy Systems ... SAMMS And DISMS

Legend:

SAMMS: Standard Automated Materiel Management System

DISMS: Defense Integrated Subsistence Management System



Bottom Line Up Front

- DLA has developed a new method for customers to submit forecasts of their requirements to DLA
- Maintenance Depots are prime candidates for the new process
- DLA currently working with Services to define initial sites for program roll out
- The process will begin roll out in Feb 2005 for launch customers with business rules defined in DLA / Customer Agreements
- Where implemented, the process will replace the legacy SPR process
- The goal of the new process is to improve customer support by improving Demand Plan Accuracy
- A key feature of the new process is DLA & Customer Collaboration through the use of a web based tool



NetWORKS Collaborate

COTS WEB Based Manugistics Collaborate

Enhanced Forecasting Functionality

Manugistics Log In - Microsoft Internet Explorer provided by Defense Supply Center Columbus

File Edit View Favorites Tools Help

Back Forward Stop Home Search Folders Favorites History

Address <https://tmc1.bsm.dla.mil/weblauncher/LoginServlet?action=logOut> Go Links

manugistics Collaborative Services

NetWORKS Commit

NetWORKS Collaborate

NetWORKS Procurement

NetWORKS Monitor

NetWORKS Visibility

Security Administration

User Name:

Enterprise:

Password:

[Change password](#)

VIEWpoint [Need Help?](#)

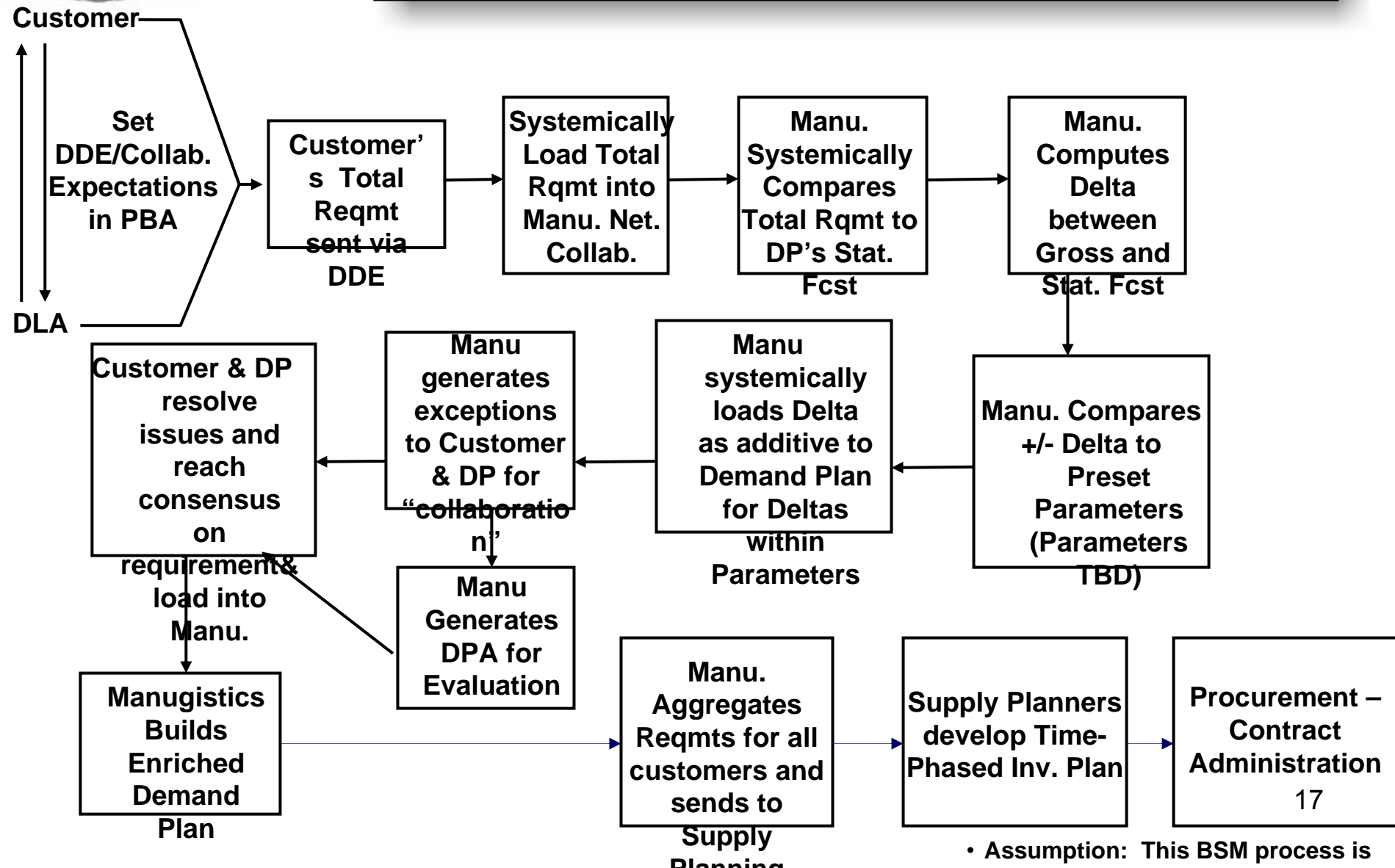


How Does It Work?

- Customer uses new Demand Data Exchange (DDE) transaction (DIC: CDD) to submit requirements to DLA. Quantities will be in monthly buckets and will represent total requirement for the customer (Process only applicable to NIINs managed by BSM)
- DLA Collaboration Toolset will compare customer forecast (aka supply plan) to DLA's statistical forecast
- Forecast quantities that breach parameters (high or low) will generate an alert to the customer and DLA Demand Planner
- Customer/DLA use web based tools to collaborate on exceptions, develop final demand plan, and view pending



R2.1.2 DDE/Customer Collaboration





Benefits of Collaboration

- Visibility of DLA forecast and customer supply plan via the same web-based Manugistics Networks Collaborate V7.1 tool
- Improved Customer/DLA relationship through systematic collaboration
- Systemic connectivity to customers' monthly demand data (as known as their supply plans)
- Improved demand plan accuracy
- Ability to capture fluctuations in requirements within and outside of total lead time
- Potential inventory reduction
- Focus on being proactive vs. reactive
- Improved responsiveness
- Stock out report identifies potential support problems for



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Captain John Qua, SC, USN
Parts Sustainment
Chief, Acquisition Division
DLA HQ

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Parts Sustainment

How is DLA Getting the Right Parts in Your Hands When You Need Them:

- Focusing on the Most Important Items and Suppliers (Strategic Material Sourcing)
 - Get these key items on Long Term Contracts to increase the speed of ordering
 - Include performance requirements in these contracts to improve support to you
 - Work Issues in collaboration with Suppliers and You through Strategic Alliances



Parts Sustainment

How is DLA Getting the Right Parts in Your Hands When You Need Them:

- Industrial Prime Vendor
 - GEN II Coming to a Depot Near You
 - Vendor manages bins, provides thousands of consumables directly to depots
 - Increased Service Levels with less Inventory and Inventory handling
- Performance Based Logistics
 - Value Added, end to end integrated Supply Chain Management and Logistics Solutions:
 - Provisioning, Cataloging, Warehousing, Supply Support, Distribution



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Mr. Kenneth Urtel

Industrial Capabilities

**Program Manager, Advanced Microcircuit
Emulation Program**

DLA HQ

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Industrial Capabilities

- Industrial Base Programs:
 - Warstopper
 - Rapid Manufacturing
 - Diminishing Manufacturing & Material Shortages (DMSMS)



Industrial Capabilities

- R&D programs focused mainly on improving DLA business processes:
 - Supply Chain Management
 - Electronic Commerce
 - Aging Weapons Systems
- R&D programs focused mainly on troop support:
 - Medical R&D
 - Combat Rations Network: “CORANET”
 - Apparel Research Network: “ARN”



Industrial Capabilities

- R&D Programs focused mainly on difficult to procure items:
 - Metal Casting: “PRO-ACT”
 - Metal Forging: “PRO-FAST”
 - Electronics Availability: “GEM and AME”
- Industrial Base Programs focused mainly on difficult to procure items:
 - Diminishing Manufacturing Sources & Material Shortages “DMSMS”
 - Rapid Manufacturing Initiative “RMI”



Procurement Readiness Optimization – Advanced Casting Technologies (PRO- ACT).

- **Program Objective:** Improvements in readiness for spares made from castings.
 - Disproportionate share of backorders
- **Program Scope:**
 - Cast-It: solving individual part problems as case studies, developing tools and processes to apply across the board.
 - Business Enterprise Integration: developing and deploying best practices.
 - Technology Development: for casting design and manufacturing.
- **Contract:**
 - Advance Technology Institute (ATI) is prime, June 2000 – June 2005, \$10M government, + \$2.5M industry.
 - American Metalcasting Consortium (AMC); links with foundry technical societies, covers over 85% of non captive foundries in North America.



Procurement Readiness Optimization – Forging Advanced Systems Technology (PRO-ACT)

- **Program Objective:** Improvements in readiness for spares made from forgings.
 - Disproportionate share of backorders
- **Program Scope:**
 - Forge-It: solving individual part problems as case studies, developing tools and processes to apply across the board.
 - Business Enterprise Integration: developing and deploying best practices.
 - Technology Development: forging manufacturing processes and tooling.
- **Contract:**
 - Advance Technology Institute (ATI) is prime, Feb. 2001 – Feb. 2007, \$12M government, + \$3M industry.
 - Forging Defense Manufacturing Consortium (FDMC); links with forging technical societies, and member organizations. ²⁷



Electronics Availability

- **Program Objective:** Develop a source for otherwise non-procurable digital microcircuits.
- **Program Scope:**
 - Two parts: Generalized Emulation Of Microcircuits (GEM) for production (cataloged) items. Advanced Microcircuit Emulation (AME) for development of new capability - including special needs of customers.
 - Utilizes a proven generic fabrication process to provide a wide range of digital microcircuits in low volumes on demand.
 - Provides Form, Fit, Functional replacements, meeting all required specifications. Interchangeable with original devices.
 - Not dependent on die, packaged parts, photo masks, or proprietary data from original manufacturer.
- **Contract:**



DMSMS

- **Program Objective:** Serve as a focal point for common DMSMS solutions
- **Program Scope:** Provide DMSMS solution sets in the Center of Excellence, making it a “one-stop solution resource” for obsolete part problems
 - Point users toward existing data bases and a means of access
 - Provide one stop DMSMS training and information support
 - Include all common materials and components going obsolete
 - Simplified DMSMS Information Services everyone can use
 - Eliminate redundancy of research on common problems
 - Provide free unlimited access to DOD programs large or small
- **Contract:**
 - Karta Technologies Inc., San Antonio, TX (program management)



Rapid Manufacturing Initiative

- **Program Objective:** Production lead time reductions on hard to procure (primarily weapons system) spare parts, using groupings of low & high demand items to attract sources for long term contracts.
- **Program Scope:**
 - 1st Demonstration phase: solicited nearly 1000 parts in 24 groups, awarded (2) 11-yr long term contracts for 69 parts to (2) sources.
 - 2nd Demonstration phase: applied lessons learned from 1st demo phase to solicit more than 500 more parts in 28 groups, awarded (3) 11-yr long term contracts for 217 parts to (3) sources
 - Tool employment phase: assist DLA's field activities with Strategic Material Sourcing long term contracting efforts by enhancing parts groups so as to maximize resources
 - Tools developed assist in rating parts groups, visualizing parts attributes & modeling savings benefits for DLA based

- **Contract:**



DLA Contacts

- To assist you, below is a listing of the DLA breakout panel with their contact information
- Ms Christine Gallo, Executive Director, Business Modernization and Integration
(703)767-4300, christine.gallo@dla.mil
- Mr Doug French, Planning Process Owner,
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- Captain John Qua, Chief, Acquisition Division,
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- Mr Ken Urtel, DLA J-339 Industrial Capabilities Division,
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