

2004 DoD Maintenance Symposium

DLA's Role in PBL Implementation

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Topics

- **DoD Guidance on DLA PBL Role**
- **DLA PBL Value Proposition**
- **DLA Transformational Initiatives**
- **DLA Support To Combatant Commanders**
- **Examples Of DLA Role In Service PBL Initiatives**
- **Summary**



Performance-Based Logistics

PM's Product Support Integrator

INDUSTRY/ORGANIC

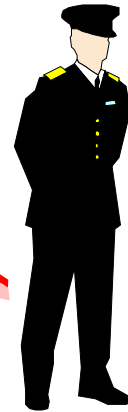


Integrated Support Providers

- DLA:
- DLIS
- DSCs
- DDC
- DRMS

Buys Performance As a Package
(Including Surge/Flexibility)

Weapon System Program Manager



Warfighter (Force Provider)

Ensure System is Sustained at Optimum Level per PBA

- NMCS
- Repair TAT
- CWT
- TDD
- Supply Availability

- MC Rate
- Ao
- TOW
- MTBMCF

Provide Continuous, Reliable, Affordable Support per PBA

Acquisition

Sustainment

Disposal



Visibility into cost/risk decisions across life cycle





DLA PBL Role in DoD Guidance: Interim Defense Acquisition Guidebook; DoD TLCSM & PBL Template – 7 Mar 2003

- **Invite DLA into early product support/PBL planning**
 - **Capitalize on DLA common support across systems**
- **Use DLA when best value for end-to-end, integrated supply chain management and logistics solutions:**
 - **Provisioning, cataloging, and logistics information management**
 - **Consumable parts support and associated services**
 - **World-wide warehousing and distribution services**
 - **Disposal and demilitarization services**
- **Deplete DLA-owned inventory when not continuing provider**

DLA signs PBA with PM, PBL PSI, and/or Warfighter



DLA Value Proposition for PBL Support

- **DLIS manages FLIS/multi-media logistics information P&S**
 - **ECCMA selects NSN structure as world-class best practice**
 - **Low cost provider of cataloging & logistics information services: Won JSF Trade Study**

- **Weapon system lead centers managing supply chains for consumable parts and associated services for 1,400 systems**
 - **DSCR: Aviation; DSCC: Maritime & Land; DSCP: Troop**
 - **1.2M unique NSNs (\$6.1B) & 1.1M common NSNs (\$9.7B)**
 - **Leveraged buying power**
 - **Strategic materiel sourcing; long-term contracts; strategic supplier alliances; direct vendor delivery**

DLA: Combat Support Agency – Warfighter Focused



DLA Value Proposition for PBL Support

DDC world-wide warehousing/distribution services

- 19 facilities in CONUS – hub & spoke; cross-docking
- **7 facilities** OCONUS & forward stock positioning
 - Germersheim; Pearl Harbor; Yokosuka; **Camp Carroll on Korean Peninsula; Kuwait/Bahrain (Class IV in Bahrain); Guam; Sigonella NAS, Italy**
- Infrastructure in place at Services' maintenance depots
 - Support lean initiatives
- Dedicated truck service from DDs
- Container consolidation points for deployed forces: DDSP/DDJC
- Tailored services such as kitting with DSCR/DSCC SCMs

DRMS world-wide disposal/demilitarization operations



DLA Value Proposition for PBL Support

Projected DLA Sales for FY2004: \$28.9B; 22,000 People

Working Capital Fund A Competitive DLA Advantage!

- DLA will buy to customers' forecasts (from PMs/Services' commercial, organic, public-private partnership PBL PSIs)
 - Customer does not pay until the point of use/consumption
- Enables commercial PBL PSI to use scarce investment dollars for other PBL needs
 - Component/Subsystem/System reliability improvements
 - Spiral development/technology insertion
 - Attack high cost drivers for repairable components/DLRs
- True win – win partnership **DLA #55 on Fortune 500 – above NG**
- DLA brings core competencies to bear – low risk; high value!
- Let other partners concentrate on what they do best

SCM Teaming and Warfighter Focus the Key!



DLA Transformational Initiatives

- **Business Systems Modernization (BSM):**

- ERP – SAP; APS – Manugistics; Accenture is Integrator

- **Customer Relationship Management (CRM):**

- Collaborative Demand Planning with Major Customers
- Customer Cells at Lead Defense Supply Center
- Performance Based Agreements

**Collaborative
Planning &
Sharing Information
2 Ways End-to-End
in the Supply Chain**

- **Strategic Supplier Alliances**

- Long-Term Corporate Contracts with Major OEMs for all Sole Source Parts

- **Strategic Material Sourcing for Competitive Items:**

- Grouping Items for Long-Term Contracts with Performance Metrics

- **Supplier Relationship Management with Major Suppliers**

- Collaborative Supply Planning and Performance Reviews
- SRMs and Integrated Supplier Teams at Lead Defense Supply Center



DLA Support to Combatant Commanders

- **DLA LNOs: Participate In Deliberative & Crisis Planning and Exercises**
 - **OJCS/J-4 and Combatant Commands**
 - **DLA Annexes To OPLANs And CONPLANs**
- **DLA Europe (EUCOM), DLA Pacific (PACOM), DLA Central (CENTCOM)**
 - **Operational and Contingency Planning**
 - **CSRs Assigned To Major Installations and Units:**
CSRs deploy with units they serve!
- **DLA Contingency Support Teams (DCSTs)**
 - **Deploy Within 48-72 Hours at Request of Combatant Commanders**
 - **3 DCSTs Deployed in Southwest Asia: OIF & OEF**

**DLA Major Participant in CDDOC – Camp Arifjan, Kuwait
Solving Problems with the Last Tactical Mile!**



DLA Support To OEF & OIF (As of 10 September 2004)

- Defense Supply Centers Have Processed 7.1 Million Requisitions For \$7.7 Billion**
- Defense Distribution Center Has Processed And Shipped 7.2 Million Materiel Release Orders – 444,237 Short Tons; \$22.0 Billion**
- Defense Energy Support Center Has Provided 3.1 Billion US Gallons In Bulk Fuel**
- DRMS Has Processed 4,940 Lines @ \$33.9 Million**

Does Not Include Reconstitution/Reset

100+ DLA People Deployed Including 3 DCSTs (18 In Iraq)



DLA Role in F/A-18 E/F FIRST

- **Boeing Is Managing Unique Reparable & Most Unique Consumable Items**
- **DLA Is Managing/Supplying All Common & Some Unique Consumable items for I and O Level Navy Customers**
- **Boeing & Its Depot Maintenance Partners (Includes Naval Aviation Depots) Use DLA When Best Value**
- **DLA Manages & Supplies 7,440 NSNs (387 Unique) – Supply Availability 93.4%**

DLA Adding 100+ DLA-Managed Sole Source Boeing Items To Navy's Contract



DLA Role in Joint STARS TSSR PBL

- **Northrop Grumman is PBL product support integrator**
- **Northrop Grumman and WR-ALC Share Depot Maintenance Workload at Robins AFB, GA**
- **DSCR, NG, and AF JSTARS SPD Signed Service Level Agreement for DLA Support**
- **DLA is first source of supply for almost all consumable parts**
 - **22,591 NSNs (4,065 unique NSNs; 18,526 common NSNs)**
 - **\$117.3M in inventory; \$44.6M due in under contracts**
 - **\$207M in sales last 24 months across all systems**

Average 94% DLA Supply Availability Over Last 12 Months



DLA Committed to Helping PMs/Services Implement PBL on all Major Systems

- DLA eager to team with PMs/Services and their PBL product support integrators – commercial & organic**
- DLA has core competencies that can be brought to bear to provide best value integrated SCM and logistics solutions**
 - End – to – End: DLIS; DSCs; DDC; DRMS with Services and Industry Partners**
- DLA is transforming itself to improve support to the warfighter, DoD industrial activities, and contractors**

DLA is a proven logistics combat support agency

Highest Supply Availability/Lowest Cost Recovery Rate in 43 Year DLA History!



BACK-UP SLIDES



The DLA Enterprise

FY 02 Sales/Services: \$21.5B

FY 03 Sales/Services: \$25B

FY 04 Projection: \$28.9B

- Land/Maritime/Missiles: \$ 2.7B
- Aviation: \$ 3.3B
- Troop Support: \$10.2B
- Energy: \$ 5.2B
- Distribution: \$ 2.2B
- Other: \$ 1.4B

Foreign Military Sales

- Sales: \$719M
- Shipments: 580K
- Supporting 124 Nations

Scope of Business

- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #55 Fortune 500 – Above Northrop Grumman
- #2 in Top 50 Distribution Warehouses
- 23 Distribution Depots
- 4.6 Million NSNs
- 24.7M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 147.7M Net Barrels Fuel Sold (FY 03)
- \$12.5B Annual Reutilizations/Disposals

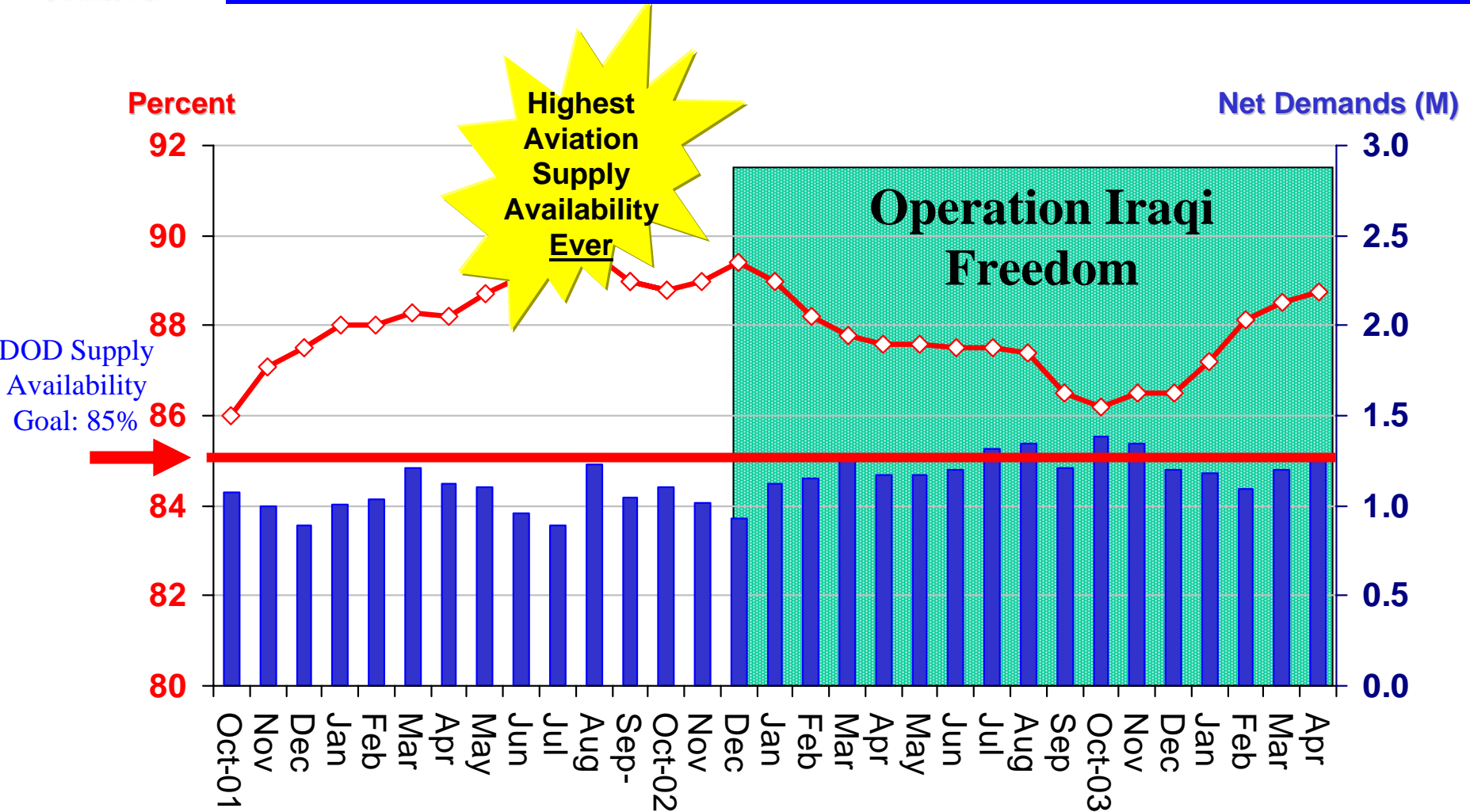
People

- 21,468 Civilians
- 525 Active Duty Military
- 636 Reserve Military
- Located in 48 States/28 Countries

**DLA 1st to Join TYAD's Common
Ground Station PBL Team**

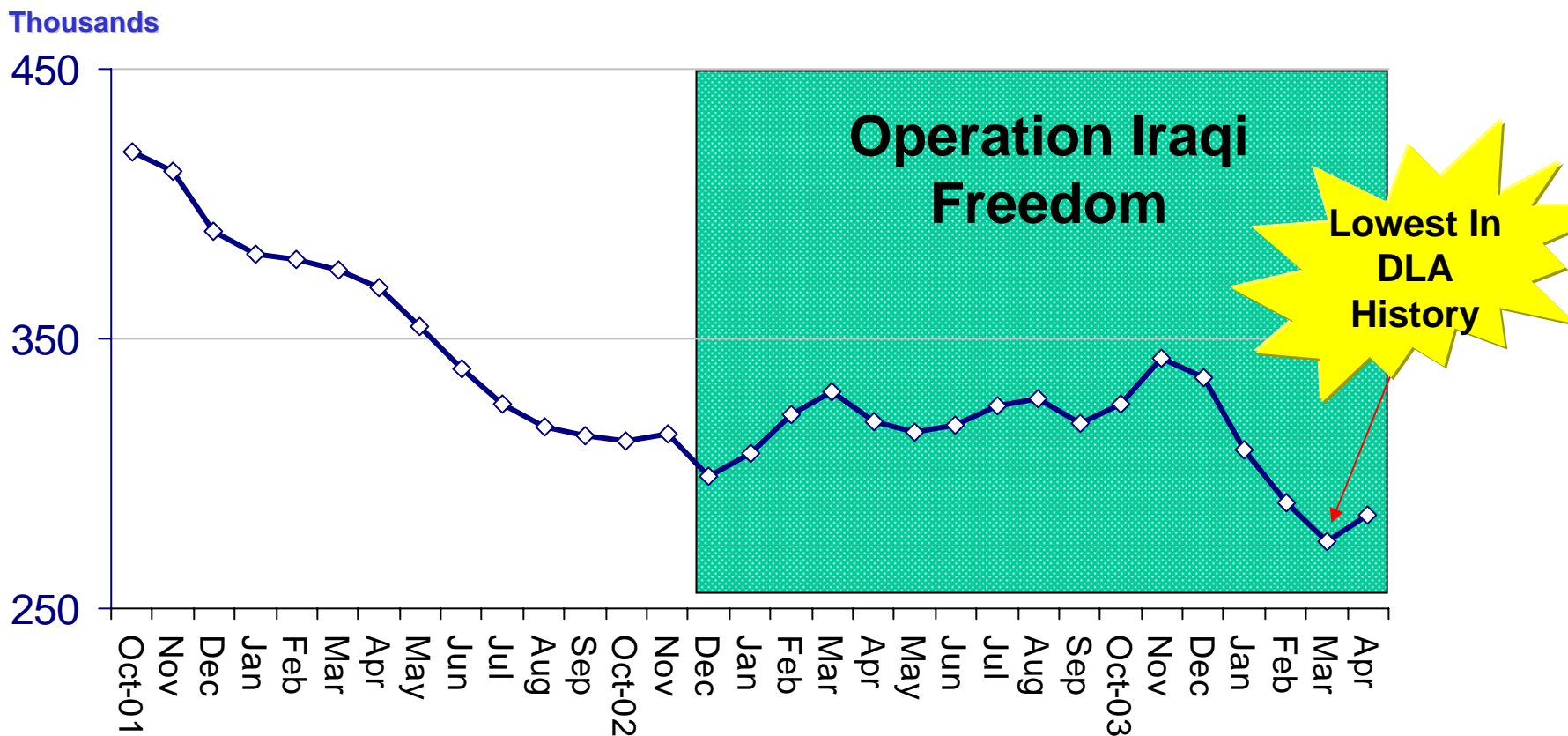


DLA Supply Availability Hardware Total





DLA Backorders – Hardware Total

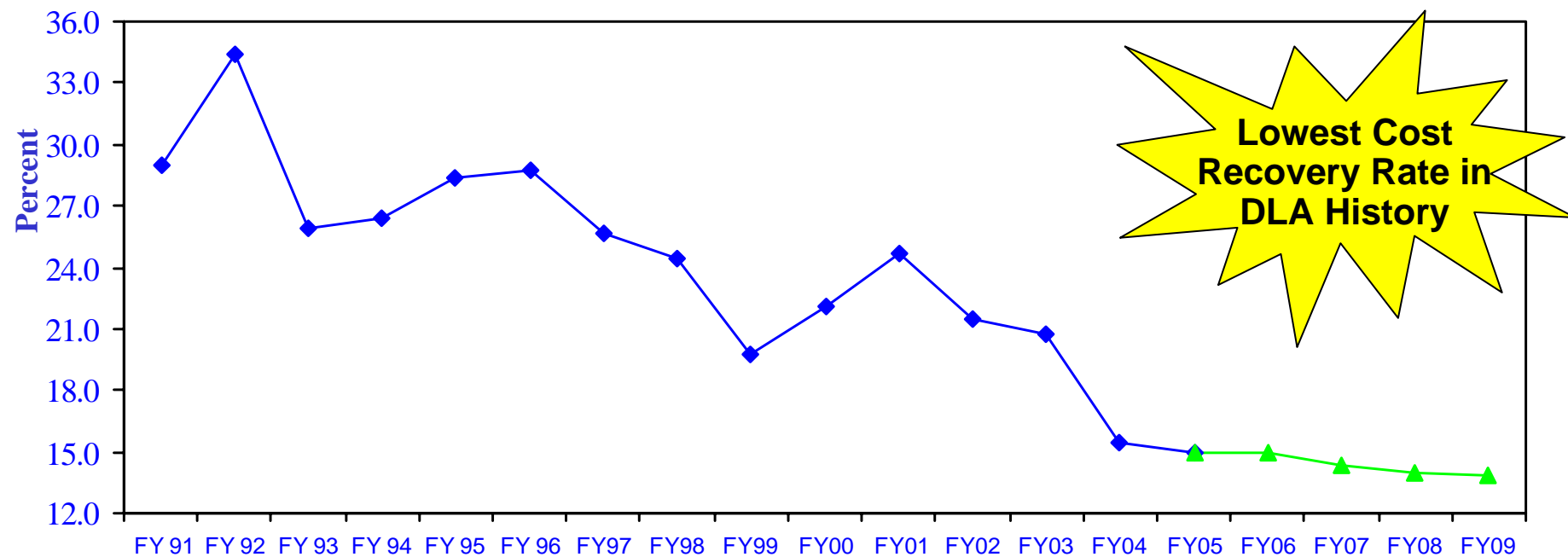




DLA Cost Recovery Rates Over Time

CRR %

(Operating Costs as a Percentage of Total Sales)



Savings Returned to Warfighter