



Defense Logistics Agency

Synchronizing Maintenance and Supply

October 2008



Purpose

To provide you with a view of the past, current, and future DLA/Customer Supply Chain Management tools for forecasting, stock positioning efficiencies, and inventory management



Solving the Forecasting Puzzle

SPR Status and Validations
DDE Exceptions

Requisitioning
Patterns

Over Forecasting

Under Forecasting

Schedule Changes
BOM Accuracy
Replacement Factor
Accuracy





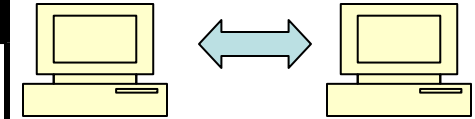
Why Plan Together?

- **Why it is important....** Accurate planning processes establishes accountability for future forecast accuracy
 - Proactive Planning Process
 - Improve Timeliness of Support
 - Reduce waste associated with Last Minute Part Chasing
 - Potential Inventory Reduction
- **Where We Have Been....**
 - Special Program Requirement (SPRs) – Un-funded requirements submitted by the services to support non-recurring programs or projects, e.g. one-time training exercise, repair or rebuild programs that are non-recurring
 - Customer Collaboration/Demand Data Exchange (CC/DDE)
- **How do we measure....**
 - Demand Plan Accuracy/Percent Forecast Error for DLA and Customers



Customer/DLA Forecasting

Current	Future
<ul style="list-style-type: none">• SPR• DDE	<ul style="list-style-type: none">• ERP to ERP



Some Current Customers forecasting to DLA...

- TACOM Warren
- TACOM SARET
- CCAD (Corpus Christi Army Depot)
- LEAD (Letterkenny Army Depot)
- RRAD (Red River Army Depot) ILP
- FRC SW
- FRC E
- PNSY (Portsmouth Naval Shipyard)
- Oklahoma ALC
- Ogden ALC
- Warner Robins ALC
- Kelly Aviation Center
- Marine Corps-Albany Depot
- Marine Corps-Barstow Depot
- Marine Air Logistics Squadrons 13, 14, 39, 11, 16, 12, 24, 36, FWD
- Mission Support H-60 Servo Valves (AMCOM Contract) and KC-135 Servo Valves (AF Contract)

Currently all depot level maintenance activities are forecasting to DLA



Forecasting Summary

- Planning is an investment like a 401K
 - Benefits and successes will not occur overnight
- Accurate planning processes establishes accountability for future forecast accuracy
- Proactive planning helps meet the needs of 21st Century Warfighter





Streamlining Inventory Initiative (SII)

Goal: Accomplish inventory volume and handling efficiency from Supplier to Artisan for all DLA managed material. Ensure practices are scalable and repeatable.

Strategy:

A. Tinker

1. Stock Positioning
2. Demand Planning
3. Acquisition

B. Warner Robins Currently Reviewing

1. Stock Positioning



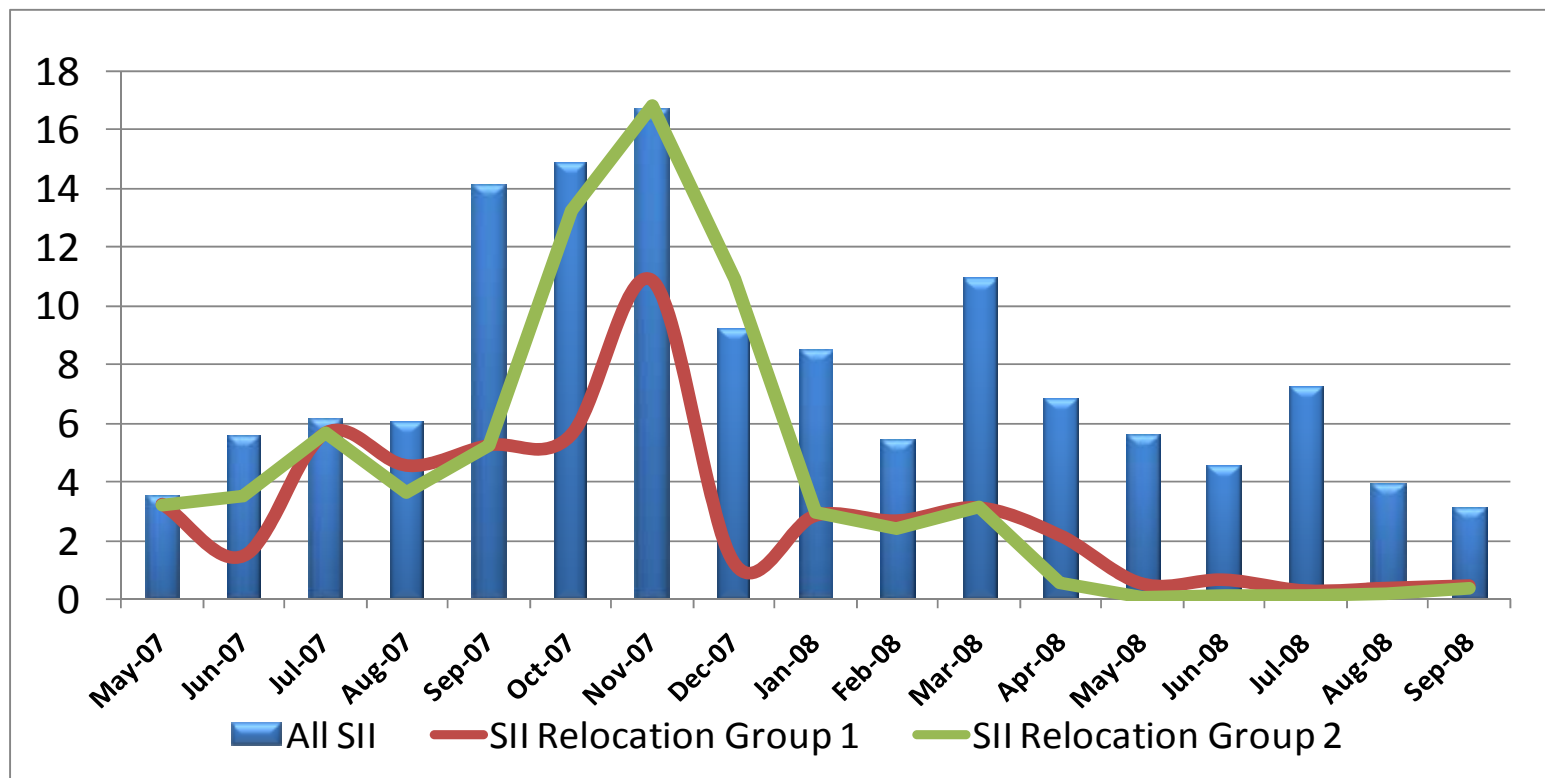
Stock Positioning (Pilot at Tinker)

- Tinker DLA SS&D identified groups for relocation
- Methodology used:
 - >50% of DLA assets stored at depots other than DDOO
 - D035K daily demand rate > 0
 - Item demanded in at least four out of the previous 24 months
 - Item demanded at least once within the current quarter
 - Value of the stock to be relocated > \$50.00
- DLA DDC stock movement plan
 - Approximately 500 STOs a week dropped and used dedicated trucks to transport
 - Approximately 5000 STOs have been executed



Metrics (Pilot at Tinker)

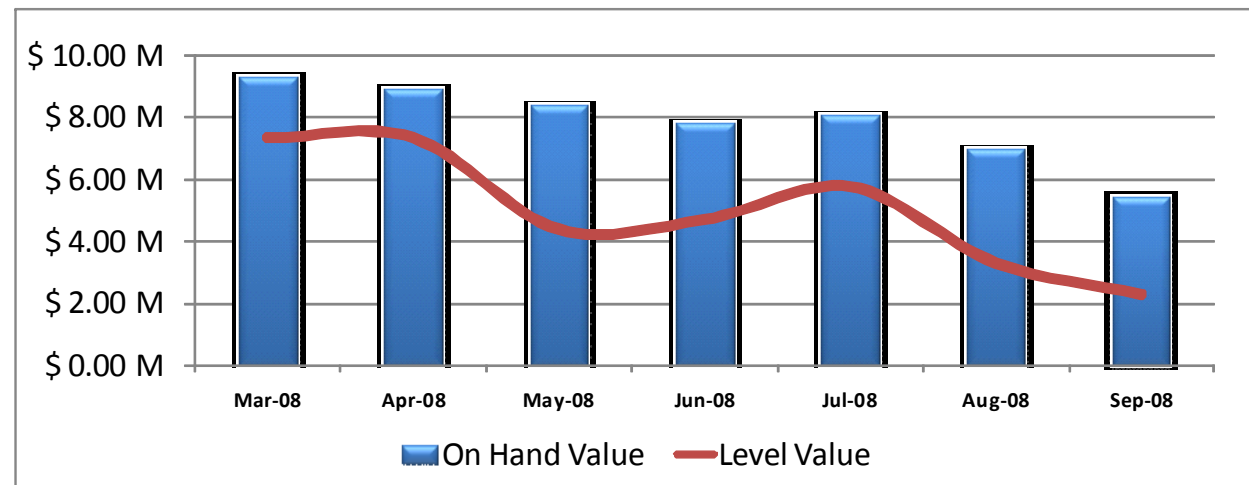
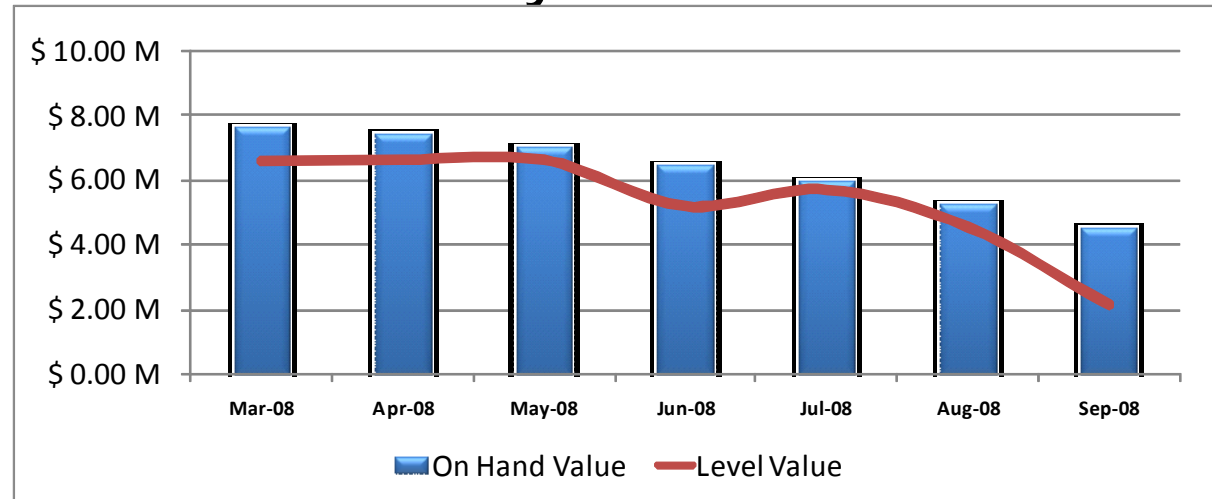
Customer Wait Time





Metrics (Pilot at Tinker)

Inventory / Level Value



SII Group 1

*Level is based on COLT calculation.

*Red line = Decrease in COLT calculated levels

*Blue bars = Decrease in actual levels on hand

SII Group 2



IMSP Purpose and Scope

- IMSP coordinates and defines the strategy, processes, and systems needed to support the unique consumer level requirements of industrial depot maintenance customers.
- Supporting Maintenance Activity Performance is the # 1 and most important objective...current or improved performance
- Initial CONOPs
 - Consumer-level inventories adjusted to reflect range and depth requirements based on customer requirements/agreements
- Materiel positioned to provide optimal support ...
 - Speed (Requisition Processing)
 - Reliable and predictable
 - E2E transactions seamless to customers
 - Performance measure based on customer defined outcomes



IMSP Vision



USAF

May 07 – Nov 09



USN

NAVSEA - Jan 08 – Jan 11

NAVAIR - June 08 – Oct 10



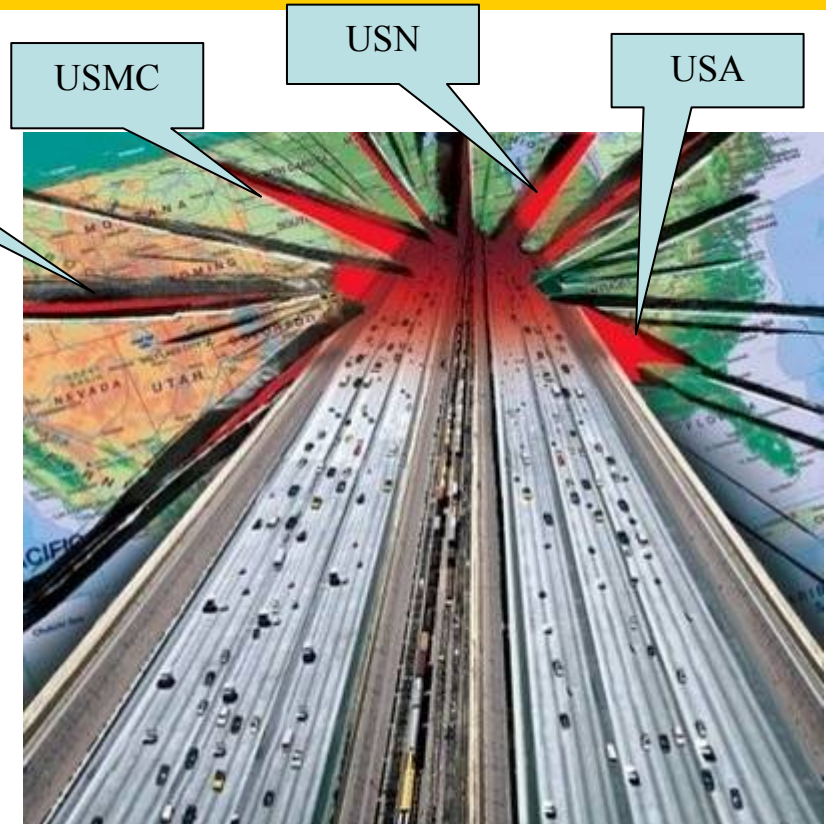
USMC

Jan 08 – May 10



USA

? – Dec 11



USAF

USMC

USN

USA

End State



IMSP Key Functions – Spiral 1

- **Inventory Process**
 - Capitalization of DLA-managed inventory
- **Parts Request / Material Issues**
 - Process requisitions and print ticket within 5 minutes
 - Allow for the protection of retail inventory from wholesale requisitions (Lateral Support)
 - Post-post processing for point-of-use issues and system down scenarios
- **Local Purchase/Emergency Buys**
 - Streamlining the local procurement and expedited buy process
 - Automate the process
- **Parts Return / Material Receiving**
 - Solution will support retail returns policies for Service-owned material and credit determination for serviceable, discrepant and defective material returns (Deployed Support)
- **Inventory Level Setting**
 - Determine and collaborate on safety stocks, replenishment quantities, and protected levels with inputs from IPO and set parameters appropriately in SAP, DSS, and SCPO
- **Forecasting**
 - Statistical forecasting based on retail level history and collaborative forecasting using the DDE process
- **Reporting/Metrics**
 - New reports to support retail processes as well as other modifications to existing reports to accommodate changes required for IMSP functionality



IMSP Key Functions – Spiral 2

- Mission Support Material (MSM)
 - Level setting and Retail Protection
 - Collaboration and Planning functionality
- Non-DLA managed items
 - Requisition process including status management service managed items
 - Register as SICA
- “Demand Signal” from Navy Systems to EBS
- Visibility of material status must be maintained in Navy Systems, EBS & DSS
- Management of items at less than unit of issue.
- Rip Out – Custodial Storage

Repeat performance of Spiral 1



IMSP Key Functions – Spiral 3

- “Demand Signal” from Army Systems to EBS
- Visibility of material status must be maintained in Army Systems, EBS & DSS



Repeat performance of Spiral 1 and 2



IPO Overview

- The objectives of the Inventory Policy Optimization (IPO) initiative are to:
 - Create a multi-echelon inventory optimization solution that recommends optimal Safety Stock (SS) for Replenishment based ('R') items
 - Optimize service level targets for fill rate, backorders, and/or customer wait time with minimum inventory investment
- Recommend changes to inventory policy by optimizing current solution and providing what-if scenario modeling
 - Scenario modeling allows users to “tweak” rules, constraints and targets to see “What if...”
- GOAL: Attempts to find the cheapest holistic solution given user-defined constraints and targets



Questions

