“View From the Top” – Enabling the Integrated Supply Chain

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Supply Chain Integration
Developing the Future State

**Principles**
- War fighter requirements primary
  - Availability and responsiveness improved
- Train as we fight
  - Align with deployed operations
- Value must exist
  - For Components & Department

**Sample Key Programs**
- Readiness Based Sparing
- Commodity Management
- Joint Regional Inventory Materiel Management
- RFID
Readiness Based Sparing Value Opportunities

**Existing Opportunities**
- Further exploit Multi-Indentured Structures
- Further exploit Multi-Echelon Structures
- Advanced Optimization Algorithms
- Advanced Forecasting Methodologies

**New Opportunities**
- Integrated Strategic and Tactical Planning
- Risk Based Tactical Planning
- Enterprise-wide COTS RBS
  - Bringing Operations Research to the Enterprise
  - Interoperability between legacy and COTS systems

**Future Opportunities**
- Better coordination between services and suppliers (PBLs)
- Technology to identify, track individual items and transactions in real time (RFID, UID, …)

Better answers to what do I need, how much do I need, and where will I need it
RBS Value Opportunities

Service Performance

Service Supply Chain Cost

A: Current system performance
B: Performance achievable from basic process, policy, and system improvements
C: Optimized performance from ‘Existing Opportunities’
D: Optimized performance from ‘New and Future Opportunities’
Commodity Management

Demand Management
- Requirements
- Specifications
- Timing

Business Processes
- Acquisition
- Procurement
- Supplier Relationship

Supply Market
- Capabilities
- Economics
- Value Chains

Objectives
- Optimize Total Cost of Ownership
- Supply Assurance and Strengthened Supply Base
- Innovation Incorporated in Weapons Systems and Processes
Bearing commodity characteristics

**DEMAND CHARACTERISTICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Bearings NSN’s</td>
<td>118,000</td>
</tr>
<tr>
<td>(DLA manages 95% of Bearings NSN’s)</td>
<td></td>
</tr>
<tr>
<td>Total Bearings usage (1)</td>
<td>$233M</td>
</tr>
<tr>
<td>Total Bearings spend (2)</td>
<td>$272M</td>
</tr>
<tr>
<td>- Sole sourced</td>
<td>$51M</td>
</tr>
<tr>
<td>- Competitive</td>
<td>$165M</td>
</tr>
<tr>
<td>- Undetermined</td>
<td>$56M</td>
</tr>
<tr>
<td>Total Bearings inventory (3)</td>
<td>$426M</td>
</tr>
</tbody>
</table>

(1) CY 2004 demand, (2) CY 2004 contract spend, (3) Inventory is a snapshot as of July 2005; Spend lags demand;

**SUPPLY CHARACTERISTICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total # of suppliers</td>
<td>1,118</td>
</tr>
</tbody>
</table>

**INVENTORY INVESTMENT CHARACTERISTICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Days of Demand on Hand</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAVY</td>
<td>1314</td>
</tr>
<tr>
<td>USAF</td>
<td>497</td>
</tr>
<tr>
<td>ARMY</td>
<td>1,480</td>
</tr>
<tr>
<td>DLA</td>
<td>447</td>
</tr>
</tbody>
</table>

DoD wide = 664

**PERFORMANCE CHARACTERISTICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Availability</td>
<td>85%</td>
</tr>
<tr>
<td>Administrative Lead-time (avg.)</td>
<td>120 days</td>
</tr>
<tr>
<td>Production Lead-time (avg.)</td>
<td>180 days</td>
</tr>
</tbody>
</table>

Cum Spend %
The RFID Vision

Implement knowledge-enabled logistics through fully automated visibility and management of assets in support of the warfighter:

Supply Chain as an Offensive Weapon
Operational Active and Passive RFID Sites

Over 1500 Active read & write sites worldwide

- Passive RFID Sites
- Active RFID ITV Server Sites
Benefits Based on Experience

- **RFID for last tactical mile**
  - II MEF tagging materiel for operating units
  - Associating tags with SATCOM on trucks
- **Real-time asset visibility**
- **Real cost avoidance:**
  - Reduced inventory in Iraq from $127M to $70M
  - Reduced wait time from 28 to 16 days
  - Increased fill rate from 77% to 89%
  - Reduced retail backlog from 92,000 to 11,000 orders

**Increased confidence in the supply chain**