An overview of The Defense Logistics Agency

DoD’s ONLY Logistics Combat Support Agency . . . Supporting the Military Services & Combatant Commanders for Over 40 Years
The DLA Enterprise

FY02 Sales/Services: $21.5B
FY03 Sales/Services: $25B
FY04 Sales/Services: $28B
FY05 Sales/Services: $31.8B
FY06 Sales/Services: $35.5B
FY07 Projected: $34.6B

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Scope of Business

- 54,000 Requisitions/Day
- 8,200 Contracts/Day
- #58 Fortune 500 - Above Sprint Nextel
- #3 in Top 50 Distribution Warehouses
- 26 Distribution Depots
- 5.2 Million Items - eight supply chains
- 25M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 134M Barrels Fuel Sold
- $14.6B Annual Reutilizations/Disposals

- Other: $1.1B
- ~95% of Services’ repair parts
- Foreign Military Sales
  - Sales: $1.02B
  - Shipments: 520K
  - Supporting 126 Nations

People

- 20,805 Civilians
- 519 Active Duty Military
- 754 Reserve Military
- Located in 48 States/28 Countries
Agency Priorities

• Warfighter Support

• Stewardship to the Nation

• Growth and Development of our People

• Leadership
Business Units
Defense Supply Center
Columbus
Land/Maritime Supply Chains

LAND
- Wheeled Vehicles
- Tracked Vehicles
- Diesel Engines
- Transmissions
- Vehicle Chassis
- Batteries
- Nuts and Bolts
- Springs
- Brackets
- Hinges
- Engine Fuel Systems
- Compressors
- Fiber Optics
- Gyro Components
- Bearings
- Gaskets, O-rings, Seals

Suppliers
OEM
Competitive Sources

Customers
Major Commands
Maintenance Activities
International Customers
Aviation Supply Chain

Customers
- Major Commands
- Maintenance Activities
- International Customers

Suppliers
- OEM
- Competitive Sources

Aviation
- Engine Components
- Air Frames
- Landing Gear
- Flight Safety Equip
- Propeller Systems

Maps
- Maps
- Charts
- Graphs
- For all DoD Activities

Environmenta
- Re-refined Oil
- Ozone Depleting Substances
- Hazardous Minimization

Industrial
- Lathes
- Milling Machines
- Heavy Industrial Machinery

Business Units
Defense Supply Center Richmond
Business Units
Defense Supply Center Philadelphia

Troop Support Lead Center

CLOTHING & TEXTILES
- Combat uniforms/tents
- Body armor/field equipment
- Individual chem/bio protective suit

SUBSISTENCE
- Operational Rations (incl. Meal, Ready-to-Eat and Unitized Group Rations)
- Food Service & Field

MEDICAL
- Diagnostic Imaging Equip
- MRI Equipment
- Surgical & Dental Supplies
- Pharmaceuticals
- Optical Products
- Laboratory Items

CONSTRUCTION & EQUIPMENT
- Facilities Maintenance Equipment
  (HEPP, Diving, Safety & Rescue, MHE)
- Fire & Emergency Services
- Wood Products
- Metals
- Barrier Material

Suppliers
OEM
Competitive Sources

Customers
Major Commands
Maintenance Activities
International Customers
Business Units
Defense Energy Support Center

Energy Lead Center

**BULK FUELS**
- Jet Fuel
- Ship Propulsion
- Diesel, Gasoline
- Missile Fuel

**INSTALLATIONS**
- Natural Gas
- Coal
- Electricity
- Utility Privatization

**FACILITIES**
- Bulk Fuel Storage
- Environmental
- Optimization
- Maintenance, Repair
- International Agreements

**DIRECT DELIVERY**
- Vehicle Fuel
- Heating Oil
- Commercial Airport Fuel

Customers
- Major Commands
- Base, Camps, Stations

Suppliers
- Major Oil Companies
- Sub-Contracts
Business Units
Defense Distribution Center

Distribution Lead Center

**WAREHOUSING**
- 55M Sq Ft Covered
- 23M Sq Ft Open
- Unique Storage Capabilities
  - Hazardous
  - Freeze and Chill
  - Ozone Depletion
- Stock Positioning Mgt Programs
  - Forward Stock
  - Targeted Mission Support

**DISTRIBUTION**
- 26 Depots (7 OCONUS)
- 3.7M NSNs
- $94.1B Inventory
- 9 Map Support Offices
- Container Consolidation
  - 22.7 M Receipts/Issues (FY06)
  - Deployable Distribution Center
  - Capability

**TRANSPORTATION MANAGEMENT**
- 8M Shipments Annually
- 1.4B Pounds Shipped Annually
- 82 CONUS Dedicated Truck Lanes
- 34 OCONUS Dedicated Truck Lanes
- 1,063 Vendors with DSS-VM
  - 600K DPMS Vendor Shipments (FY06)

**TAILORED LOGISTICS SUPPORT**
- Total Package Fielding
- Kitting
- Deployable Medical Systems
- Rigging
- Combat Configured Loads
- In-Transit Visibility
- Time Definite Delivery
- Theater Consolidation and Shipping Points

**SERVICE PROVIDERS**
- SDDC
- AMC
- MSC
- A-76
- Commercial Providers
- Commercial Transportation Providers
Business Units
Defense Reutilization and Marketing Service

Reuse, Recycling and Disposal Lead Center

Organizational Structure
- 101 Offices Worldwide (19 Countries/37 States)
- 1483 Authorized Personnel (Includes Local Nationals)
- 11 Military
- 200 Reserve DRT Members
- 57 EE Positions Qualified
- $296.7M Operating Costs

At-A-Glance (FY06)
- 49,392 Turn-In Customers Served
- $24.7B Usable Turned-In (Acq Val)
- $2.3B R/T/D (Acq Val)
- $318.4M Total Revenue

Services
- Reutilization
- Transfer
- Donation
- Demilitarization
- Environmental
- Disposal/Reuse
- Humanitarian Assistance
- Foreign Military Sales/Grant-in-Aid
- Disaster Relief
- Exchange/Sale
- Precious Metal Recovery

Contingency Operations
- Operation Enduring Freedom
  - Dec 01 – Present
  - 7 Mil/Civ Deployed
- Operation Iraqi Freedom
  - Sept 02 – Present
  - 47 Mil/Civ Deployed

Customers
- Military Services
- DLA
- Inventory Control Points
- Federal / Public Agencies

Service Providers
- Commercial Providers
- Government
- Liquidity
- R2010/ISP
# Service Activities

## Defense National Stockpile Center
- **20 Sites**
- **144 Personnel**
- **$5.9 B Sales Since FY 93**
- **$1.5 B Inventory**

Manages 42 Internationally Traded Commodities

## Document Automation & Production Service
- **175 Locations in 8 Countries**
- **1000 Gov’t & Contract Personnel**
- **$413M Annual Sales (FY06 Plan)**

Services:
- Document Production
- Document Imaging/Conversion and Electronic Document Management
- Equipment Management Solutions

## Defense Automatic Addressing Systems Center (DAASC)
- **2 Locations**
- **180 Gov’t & Contract Personnel**
- **$33M Budget**

Services:
- Editing/Routing of DoD Logistics Transactions
- Enforcement of DoD Business Rules
- Network Interoperability
- DoD Supply Chain Metrics

## Defense Logistics Information Service
- **One Site**
- **1,389 Gov’t (80%) & Contractor (20%) Personnel**
- **$164 M Budget**

Services:
- DOD/Federal/NATO/International Cataloging
- J6B IT Support (Technology, WEB, Software) for DLIS/DRMS
- Key Initiatives/Programs: FLIS, MEDALS, FEDLOG, DOD EMAIlL, DLA Map Catalog, AV LINK, DESX, CCR/BPNse, HMIRS, ERLS, ERP...
# Service Activities

**Defense Logistics Agency - Europe**
- 12 Offices
- 38 Personnel
  - Liaison/planner at EUCOM
  - Planners at USAFE, USAREUR and NAVEUR
  - Customer reps at 10 sites - Germany, UK, Italy
  - Area rep for the Balkans in Kosovo
  - On-site, deployable logistics experts assist

**Defense Logistics Agency - Central**
- 4 Enduring sites (CONUS, Kuwait, Bahrain, Qatar) staffed by 10 personnel
- 3 Contingency support teams (Afghanistan, Iraq, Kuwait) staffed by 60-90 personnel (mission dependent)
- Single focal point for all DLA activities

**Defense Logistics Agency - Pacific**
- 9 Sites located in two states and 2 countries - Hawaii, Alaska, Japan, Okinawa, Korea
- 28 Personnel
  - AOR Covers 52% of Earth’s Surface
  - Provide Contingency & Deliberate Planning and on-site Customer Support

**Defense Logistics Agency - Europe**
- Liaison Officers at PACOM, USFJ and USFK
- Single focal point for all DLA activities and contractors in Southwest Asia (e.g., Kuwait distribution depot, Kuwait DRMO yard, Bahrain fuels office, Subsistence Prime Vendors, MRO Prime Vendors)
  - Liaison/planner at CENTCOM
  - Customer Support Representatives with ARCENT-K/Q, CENTAF (FWD) and NAVCENT-B
• DLA In-theater Commands provide Logistics Support to Combatant Commanders...
  - DLA-Central; DLA-Pacific; DLA-Europe
• DLA Liaison Officers and Customer Support Representatives embedded in Service and Combatant Commands Worldwide
• DLA Contingency Support Teams
  - Deploy as Requested by Combatant Commanders
  - Kuwait, Iraq, and Afghanistan, over 150 personnel deployed to OIF/OEF
  - Provide On Site DLA Logistics, Asset Visibility Support, Fuels Management, and Disposal Services.
  - Support the Combatant Commands’ In-theater Distribution Centers

106 DLA personnel permanently assigned to 71 Major Military Service Locations Globally
Moving Towards Transformation

• Refined Goals and Metrics
• Instituted Robust Performance Reviews
• Focused on Backorder and Cost Reductions
• Streamlined Procurement Processes
• Fully Supported by DoD Leadership
Transformation
Key Initiatives

• **Base Closure and Realignment - BRAC**
  • DLR procurement and consumable item management to DLA; changes to DLA’s distribution infrastructure; tires, compressed gases, packaged petroleum products to Direct Vendor Delivery
  • $5.5B Savings projected over 20 years

• **Business Systems Modernization - BSM**
  • End-to-end Supply Chain Enterprise Resource Planning (ERP), Commercial Off The Shelf Software (COTS)
  • Order fulfillment, Supply & Demand Planning, Procurement, Tech Quality, Financial

• **Customer Relationship Management - CRM**
  • A customer focused approach comprised of people, processes, and tools for setting and meeting mutual expectations that optimize value for both the customer and DLA in a long-term sustainable manner
Transformation
Key Initiatives

• Supplier Relationship Management - SRM
  • Strategic Material Sourcing for 500,000 business drivers
  • Strategic Supplier Alliances with 29 critical suppliers

• Distribution Planning Management System - DPMS
  • Distribution planning and transportation optimization
  • In-transit visibility of materiel

• Global Stock Positioning - GSP
  • Pre-positioning to optimize readiness at least cost
  • OSD, Joint Staff, Service, TRANSCOM and DLA

• Executive Agent - EA
  • DLA-Services partnership synchronize logistics for common materiel: fuel, medical, subsistence and construction

• Integrated Data Environment - IDE
  • Facilitates seamless and integrated access to DLA logistics data
  • Provides a single point of entry for the exchange of DLA data

$4.8 Billion Savings for Services
Transformation
Key Initiatives

• **Business Systems Modernization-Energy - BSM-E**
  - Commercial software – best practices
  - Deploying now – integration w/BSM to follow

• **Reutilization Modernization Program - RMP**
  - Redistribution of excess government property
  - Disposal of hazardous material and waste
  - Leverages capabilities of other transformation initiative

• **Work Force Transformation**
  - Transformation alters every facet of environment
  - Structure, rigor and disciplined program in place

• **Product Data Management - PDM**
  - Transforms Agency’s Technical & Quality business processes and capabilities
  - Ensures engineering correctness in the products bought and managed by DLA
Base Realignment and Closure

**BRAC 2005**

Recommendations will deliver transformational change for the agency

- All Depot Level Reparable procurement transitions to DLA
- The vast majority of consumable hardware items not managed by the agency today will transition to DLA
- Two military Service Inventory Control Points close
- Management of repair depot supply operations transitions to DLA
- Two additional Strategic Distribution Platforms (SDP) created from existing Distribution Depots
- One Distribution Depots close
- Remaining Distribution Depots will provide only regional support

NPV $1.9 B Over 20 years

NPV $2.9 B Over 20 years

NPV $0.74 B Over 20 years

Over 20 years
Business Systems Modernization (BSM)

• Enterprise Resource Planning (ERP) to manage the agency’s 5.2 million items
  - Replaces numerous ’60s & ’70s vintage systems with single, Commercial-Off-the-Shelf (COTS) system
  - Processes re-engineered to best practices
  - Cycle times dramatically reduced
  - Savings in inventory and personnel
    - payback period 2009
  - Improved war fighter support
    - Joint interoperability
    - Better Demand Forecasting - by customer - through collaboration
  - Improved data integrity
  - “Clean Financial Opinion” in accordance with CFO Act
• Full-scale deployment completes in DEC 06
Customer Relationship Management (CRM)

- **Customer Focus**: War Fighter-centric strategies & tools and structured **Service**, **Sales** and **Marketing** processes to better meet these customers’ expectations across the DLA Enterprise.
  - **Service**: Deliver on DLA commitments and provide timely and effective issue resolution.
  - **Sales**: Engage War Fighters regarding readiness and business value of DLA solutions.
  - **Marketing**: Reach out to understand War Fighter needs and communicate DLA capabilities.

Release 1.0 Implemented April 06...
Full Operational Capability - FY08
CRM (cont’d)

- National Account Managers (NAM) for each of the four Services, Department of Homeland Security and Foreign Military Sales
- Customer Account Managers (CAM) for customer segments within Services
- Customer Support Representatives (CSR)
  - Single POC for DLA Logistics at major Service locations globally
- Performance-Based Agreements (PBA) with each of the four Services and some Combatant Commanders
  - Establish Customer-focused performance metrics
  - Set Agenda for logistics initiatives
  - Use Partnership Council for continuous interaction
Supplier Relationship Management (SRM)

• **Strategic Material Sourcing (SMS)**
  - DLA manages 5.2 million items
  - ~500,000 items are the agency’s major business drivers
  - Goal: assured availability, cost & quality for business drivers

• **Strategy**
  - Leverage competition
  - Develop long-term contracts
  - Establish prime vendor relationships
  - Establish corporate contracts
  - Buy capability rather than stock for surge requirements
  - Minimize procurement cost drivers

390,000+ Items Now Managed Under SMS
• Strategic Supplier Alliances (SSA)
  - Partnering initiatives with 29 top suppliers that are the sole source for materiel critical to America’s defense posture
  - Goal: assured availability, cost & quality for this critical materiel

• Strategy
  - Negotiated, signed agreements between DLA and suppliers to collaborate to pursue common objectives
  - Specific, quantifiable objectives - number of items managed under the SSA, Administrative Lead Time, Procurement Lead Time, Quality Issues, Backorders, Price Control, Delivery...
Distribution Planning Management System (DPMS)

- Transforming DLA’s global warehousing functions with the ability to collect, assess and act on real time information re: materiel location and status
  - First and second destination transportation optimization
  - In Transit Asset Visibility
    - in-bound shipments, direct delivery
  - Standardized shipping documentation and labeling
  - Web-based with real time access for shippers and customers
  - Automated Advance Shipping Notices and Proof of Shipment
  - Improved Customer Wait Time
  - Lowered costs – shipment optimization
  - Reduction in frustrated/lost shipments
Global Stock Positioning (GSP)

- ICP-unique approach...no central strategy
- Vendor-centric stock positioning tendency
- Limited Service engagement
- Central strategy and business rules
  - DDC-led Stock Positioning IPT
  - Focus shift to Service/Warfighter
  - Services engaged
- Enterprise Strategy: Global positioning in advance of requirement to increase material availability/reduce wait time
  - Increasing readiness while reducing cost
  - “Facing Fill” Targets built into BSM business rules
  - Hub and Spoke methodology
- Service/Warfighter-centric
- Services in partnership

PAST

PRESENT

FUTURE

✓ Strategic Distribution Platforms (SDP)
✓ 4 New Forward Depots
✓ Sigonella, Kuwait, Guam, Korea

✓ Tailored stock profiles
✓ 2 New SDPs
✓ DLA Afloat
✓ Deployable Depot
Executive Agency (EA)

• Designated by Secretary of Defense to serve as focal point for ensuring sustainable, efficient and effective support to the war fighter
• Assembles strategic, operational and tactical elements of supply chains to simultaneously engage across boundaries to identify/resolve challenges
• DLA currently EA for
  – Subsistence, bulk petroleum, medical materiel, and Construction & Barrier materiel
• Expect EA designation this year for


Integrated Data Environment (IDE)

• Supports data and information sharing through a single point of access supporting:
  - Exchange of DLA data between systems
  - Sharing of DLA corporate logistics information
  - Enhanced DOD Asset Visibility

• Assured access to:
  - Supply chain management data
  - Centrally managed metadata
  - Authoritative data sources
  - DoD logistics business rules

• Supports logistics (supply chain & distribution) Communities of Interest
• Reduced system-to-system interface costs through implementation of net-centric data strategy goals
Total Customer Satisfaction = “Overall, how satisfied are you with our products and services?”
Vision:
Uninterrupted hardware and troop support to the warfighter through end-to-end supply chain integration - delivering a seamless flow of materiel and information to all authorized users.
Summary

• Critical Combat Enabler ... Light and Agile
• Focused on Improved warfighter support and reduced costs
• DOD Leader In Enterprise System Transformation

Tomorrow’s vision ... Extending the Enterprise to the lowest level while linking supply with demand