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

### FY 02 Sales/Services:
- $21.5B

### FY 03 Sales/Services:
- $25B

### FY 04 Projection:
- $28.9B

- **3.3B**
  - Troop Support: $10.2B
  - Energy: $5.2B
  - Distribution: $2.2B
  - Other: $2.7B

### Foreign Military Sales
- 55% of Service's Repair Parts Sales: $719M
- Supporting 580K+ Soldiers
- Supporting 124 Nations

### Scope of Business
- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #54 Fortune 500 - Above Northrop Grumman
- #2 in Top 50 Distribution Warehouses
- 24 Distribution Depots
- 5.2 Million Items
- 24.7M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 147.7M Barrels Fuel Sold (FY 03)
- $12.5B Annual Reutilizations/Disposals

### People
- 21,490 Civilians
- 524 Active Duty Military
- 637 Reserve Military
- Located in 48 States/28 Countries

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Business Units: DSCC

Defense Supply Center Columbus
Maritime/Land/Missile Lead Center

LAND
- Diesel Engines
- Transmissions
- Vehicle Chassis

ELECTRONICS
- Microcircuits
- Fiber Optics
- Connectors
- Communications Equipment

MARITIME
- Steam Turbines
- Valves & Pumps
- Engine Fuel Systems
- Compressors

MISSILES
- Gyro Components
- Sensors
- Launcher Components
- Thermal Resistors

Customers
- Major Commands
- Maintenance Activities
- International Customers

Supplier
- OEM
- Competitive Sources
Business Units: DSCR

Defense Supply Center Richmond
Aviation Lead Center

Customers
- Major Commands
- Maintenance Activities
- International Customers

Suppliers
- OEM
- Competitive Sources

Aviation
- Engine Components
- Bearings
- Air Frames

Maps
- Maps
- Charts
- Graphs
For all DoD Activities

Environmental
- Re-refined Oil
- Battery Program
- Ozone Depleting Substances

Industrial
- Lathes
- Milling Machines
- Heavy Industrial Machinery
Business Units: DSCP

Defense Supply Center Philadelphia
Troop Support Lead Center

CLOTHING & TEXTILES
- Outerwear
- Hats, Accessories
- Individual Equipment
- Sleeping Bags to Body Armor

SUBSISTENCE
- Meals Ready to Eat
- Field Mess Equipment
- Dining Hall Items
- Fruits & Vegetables

MEDICAL
- X-Ray Machines
- MRI Equipment
- Surgical Supplies
- Dental Supplies
- Optical Products

GENERAL/INDUSTRIAL
- Wood
- Heavy Equipment
- Photo Supplies
- Fire Fighting
- Diving Equipment

Customers
- Major Commands
- Maintenance Activities
- International Customers

Suppliers
- OEM
- Competitive Sources
Business Units: DESC

Defense Energy Support Center
Energy Lead Center

**BULK FUELS**
- Jet Fuel
- Ship Propulsion
- Diesel
- Gasoline
- Additives

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

**FACILITIES**
- Bulk Fuel Storage
- Environmental
- Fuel Quality
- Maintenance, Repair

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

**Customers**
- Major Commands
- Base, Camps, Stations

**Suppliers**
- Major Oil Companies
- Sub-Contracts
Business Units: DDC

Defense Distribution Center
Distribution Lead Center

**WAREHOUSING**
- 55M Sq Ft Covered
- 17M Sq Ft Open
- Unique Storage Capabilities
  - Hazardous
  - Freeze and Chill
  - Ozone Depletion
- Stock Positioning Mgt
  - Forward Stock Programs
  - Targeted Mission Support

**DISTRIBUTION**
- 23 Depots (3 OCONUS)
- 4.0M NSNs
- $83.2B Inventory
- 11 Map Support Offices
- Container Consolidation
- 23.3 M Receipts/Issues

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

**TRANSPORTATION MANAGEMENT**
- 8.7M Shipments Annually
- 1B Pounds Shipped Annually
- Local Delivery
- Vendor Delivery Integration

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**Service Providers**
- SDDC
- AMC
- MSC
- A-76
- Commercial Providers
- Commercial Transportation Providers

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**Customers**
- Military Services
- DLA
- Inventory Control Points
• Forward Stocking Tenets:
  • Reduce Strain on Strategic Air Transportation Assets
  • Bulk Items and Fast Movers
  • Reduce Transportation Costs
  • Reduce Logistics Response Time
  • Reduce Retail Inventories

• Forward Stocking Locations:

   CURRENT:    FUTURE:
   Germersheim, GE    Okinawa
   Yokosuka, JA    Guam
   Pearl Harbor, HI    Korea
   Sigonella, Sicily    SWA
Business Units: DRMS

Defense Reutilization and Marketing Service Reuse, Recycling and Disposal Lead Center

Organizational Structure

93 Offices Worldwide (14 Countries/39 States)
1516 Personnel
12 Military
177 Reserve DRT Members
32 EE Positions

At A Glance (FY03)

35,000 Turn-In Customers Served
$12.3B Usable Turned-In (Acq Val)
$ 1.6B R/T/D (Acq Val)
$51.7M Scrap/Usable Sales Revenue

Services

Reutilization, Transfer, Donation, Demilitarization, Environmental Disposal/Reuse, Ammunition/Explosives and other Dangerous Articles (AEDA), Humanitarian Assistance, Foreign Military Sales/Grant-in-Aid

Contingency Operations

Operation Joint Guardian/Forge
Mar 96 – Present
92 Mil/Civ Deployed

Operation Enduring Freedom
Dec 01 – Present
13 Mil/Civ Deployed

Operation Iraqi Freedom
Sept 02 – Present

Customer Services

Military Services
DLA Inventory Control Points
Federal / Public Agencies

Service Providers

A-76 Commercial Providers
Government Liquidity
Service Activities

**Defense National Stockpile Center**
- 10 Sites
- 173 Personnel
- $4.6 B Sales Since FY 93
- $20.6 B Inventory
- Manages 60 Internationally Traded Commodities

**Defense Logistics Information Service**
- One Site
- 1,022 Personnel
- $135 M Budget
- Services:
  - NATO Data Exchange,
  - Federal Logistics Information Svc,
  - Cataloging

**Defense Automation and Production Service**
- 180 Locations in 14 Countries
- 985 Employees
- $390M Annual Sales
- Services:
  - Digitization
  - Data Warehousing

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Service Activities

Defense Logistics Agency - Europe
75 Offices
816 Personnel
- Liaison/planner at EUCOM
- Planners at USAFE, USAREUR and NAVEUR
- Customer reps at 10 sites - Germany, UK, Italy
- Area reps in Bosnia and Kosovo

- On-site, deployable logistics experts assist customers on all DLA supplies and services
- Provide EUCOM, components and units a single POC for DLA support

Defense Logistics Agency - Pacific
9 Sites
23 Personnel
AOR Covers 52% of Earth’s Surface
- contains the World’s 6\textsuperscript{th} Largest Armed Forces

Provide Contingency & Deliberate Planning and on-site Customer Support
Focus on Customer: DLA Overseas Commands Supporting EUCOM, PACOM, and CENTCOM

- DLA Overseas Commands Supporting EUCOM, PACOM, and CENTCOM
  - DLA-C to stand up Aug 04
- Single Focal Point for all Combatant Commander's Support Issues
- Customer Support and Lead Center Representation
- Lead for Theater Contingency and Exercise Planning
- Commands DLA Contingency Support Teams
- Provides Director with a Single Touch Point for all DLA
• Combatant Command Liaison Officers:
  • Inside Joint Staff J4, EUCOM, PACOM, CENTCOM, TRANSCOM, SOUTHCOM, STRATCOM, JFCOM, SOCOM & NORTHCOM
  • Provides J-4 with Planning, Contingency, and Single Point of Contact for DLA Logistics Support

• DLA Contingency Support Teams
  • Deploys with Force as Requested by Combatant Commanders
  • Bosnia, Kosovo, Croatia, Kuwait, Iraq, and Afghanistan
  • Provides On Site DLA Logistics, Asset Visibility Support

• Customer Engagement Strategy
  • National Account Managers/Customer Account Managers
  • Customer Service Representatives
  • Inside 71 Major Service Locations Globally
  • Provides the Single Point of Contact to All DLA Logistics

• Deployment and Distribution Operations Center (DDOC)
• Collaboration
  • Customers and lift-providers share information and explore solutions to theater logistics problems
• Visibility & Synchronization of Cargo and Passengers
  • Experimented with ITV/TAV to improve visibility
• Forecasting
  • Enabling CFLCC and Multi National Force – Iraq MNF-I to synchronize war-fighter support
• Internet/Portal Technology
  • Central repository for theater distribution information
• Process Improvements
  • Theater Retrograde, Task Force Express
• Metrics to be refined
• Process changes to be incorporated into Joint and Service Doctrine
• DDOC being considered for support in other theaters
From ‘01-’04, Sales and Services grew by 70%...

...while personnel levels fell to their lowest since 1963... 12% below DPG
DOD Supply Availability Goal: 85%

Operation Iraqi Freedom

Supply Availability
Hardware Total
Thousand Backorders – Hardware Total

Operation Iraqi Freedom

Lowest In DLA History
Backorders > 180 Days Hardware

Thousands

Operation Iraqi Freedom

Thousands
Total DLA Navy Backorders Relationship to Critical Parts Missing in Naval Aircraft

Data Source for Holes in Aircraft: Center for Naval Analysis (CNA) – POC Mr. Craig Goodwyn

* A critical part is defined as a part causing a NMC or PMC aircraft
Link to Air Force Readiness

DLA Air Force Weapons System Backorders Relationship to Air Force MICAP Hours

![Graph showing the relationship between AF MICAP Hours and DLA AF Backorders from January 2000 to May 2004. The graph includes two lines, one for MICAP Hours and one for DLA AF Backorders, with data points for each year. The x-axis represents the years from January 2000 to May 2004, and the y-axes represent MICAP Hours on the left and DLA AF Backorders on the right. The legend indicates the lines for MICAP Hours (blue) and DLA AF Backorders (red).]
Cost Recovery Rates Over Time

(Operating Costs as a Percentage of Total Sales)

Lowest Cost Recovery Rate in DLA History

Savings For The Warfighter
How We Did It

- 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
- A-76 process for non-inherently governmental positions
  - MEO or contractor levels of support
What We Are Today… 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
  • Requirements Fully Funded
Characteristics:
- Light and Agile
- Smaller Footprint
- Information Intensive
- Knowledge Based
- Integrated Processes
- Collaboration with Customers
- Service Oriented
- Proactive

Transformation Plan:
- Business Systems Modernization
- Competitive Sourcing
- Shift to Commercial Practices
- Customer Relationship Management

DLA Tomorrow... What We Are Going To Be

FY 03-09
Transformation
Key Initiatives

• **Customer Relationship Management - CRM**
  • Processes, tools and people to move from transaction-based to partner relationships

• **Supplier Relationship Management - SRM**
  • Strategic Material Sourcing for 500,000 business drivers
  • Strategic Supplier Alliances with 32 critical suppliers

• **Business Systems Modernization - BSM**
  • End-to-end ERP
  • Order fulfillment, Planning, Procurement, Financial

• **Distribution Planning Management System - DPMS**
  • Robust material positioning & warehouse optimization
  • Global decision making & management for 23 depots
Transformation
Key Initiatives

• Strategic Distribution
  • Pre-positioning to optimize readiness at least cost
  • OSD, Joint Staff, Service, TRANSCOM and DLA

• National Inventory Management Strategy
  • Collaborative inventory investment reduction effort
  • Rationalize levels and inventory management

• Fuels Automated System
  • Commercial software - best practices
  • Deploying now - integration w/BSM to follow

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

• Work Force Transformation
Summary

- 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
  - $1.8B back to services FY 04-09
- Record Setting Support with Demand at Historic Highs
- DOD Leader In Enterprise System Transformation

Tomorrow’s vision ... smaller, more efficient, leveraged with best business practices