



Land Supply Chain Breakout Session

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Director, Land Supplier Operations

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Agenda



- **Welcome / DLA Video**
- **One DLA / BSM**
- **Business Profiles**
- **Organization Alignment**
- **Performances**
- **SSA's / SCA's**



What is “One DLA”?



One DLA is a management philosophy that entails operating as a single corporate enterprise with a single face to customers and suppliers, and a single voice to external stakeholders.

One DLA is enabled through common business rules and processes, a standard organizational structure, and a single instance of COTS shared across the enterprise to facilitate ready access to and sharing of information.

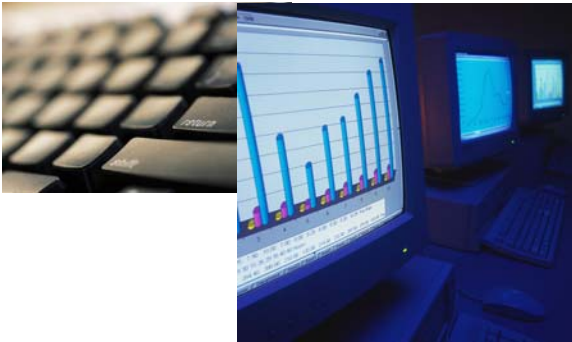


How Do We Become “One DLA”?



BSM will enable us to become “One DLA” by:

- Replacing our legacy material management systems (SAMMS & DISMS) with COTS (commercial-off-the-shelf) systems



- Reengineering by fielding best commercial practices



- Providing best value solutions



- Improving customer service by collaborating with customers and suppliers



- Providing the training, experience, and opportunity to succeed in this new environment



What Does “One DLA” Look Like?



Today



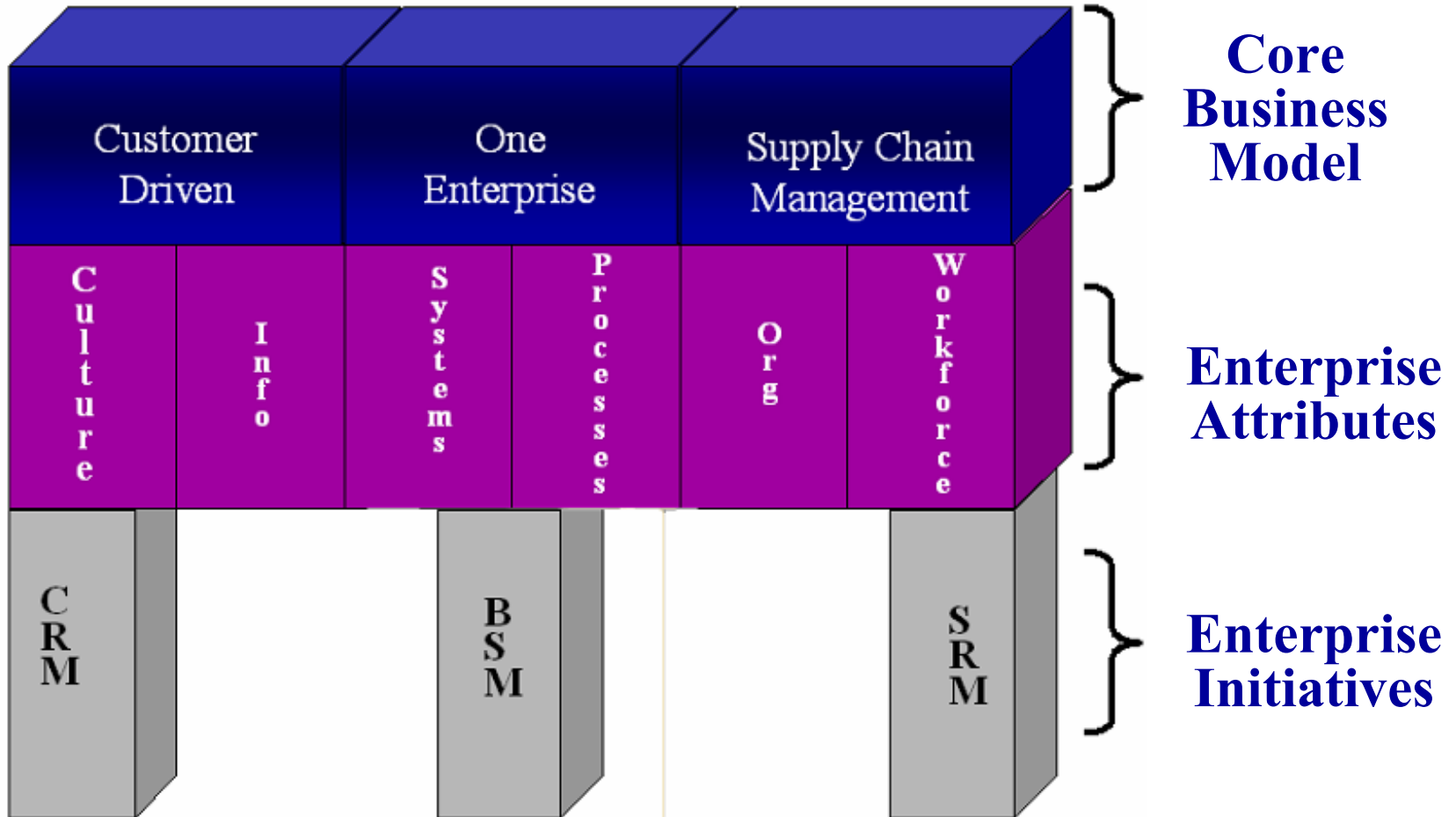
BSM

- **Decentralized Systems**
- **Batch Processing**
- **Limited Customer Input**
- **Decentralized Approach to Jobs and Roles**
- **Single/Static Forecast**
- **Single Integrated System**
- **Near Real-time Updates**
- **Customer and Supplier Collaboration**
- **Common Jobs and Roles across Enterprise**
- **Variable/Time Phased Demand/Supply Plan**



Transformation

The 100,000 Foot View





Transformation and Expansion Business Systems Modernization

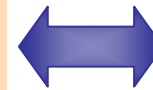


Customer Relationship Management

- Customer Insight
- Customer Service
- Emergent Problem Resolution
- Returns Management



Business Systems Modernization



Supplier Relationship Management

- Strategic Materiel Sourcing
- Strategic Supplier Alliances
- Supplier Partnering

The Vision

Enhance DLA and Supplier interaction based on the specific needs of a relationship in order to allocate time and resource more efficiently to best support the warfighter.



The DLA Enterprise... Today



FY01 Sales/Services: \$17B
FY02 Sales/Services: \$21.5B
FY03 Sales/Services: \$25B
FY04 Sales/Services: \$28B
FY05 Projection: \$31.3B

- **Land/Maritime/Missiles: \$3.2B**
- **Aviation: \$3.6B**
- **Troop Support: \$12.9B**
- **Energy: \$7.6B**
- **Distribution: \$2.8B**
- **Other: \$1.2B**

- **~95% of Services' repair parts**
- **100% of Services' subsistence, fuels, medical, clothing & textile, construction & barrier materiel**

Foreign Military Sales

- **Sales: \$813.8M**
- **Shipments: 501K**
- **Supporting 124 Nations**

Scope of Business

- **54,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#54 Fortune 500 – Above Walt Disney**
- **#2 in Top 50 Distribution Warehouses**
- **26 Distribution Depots**
- **5.2 Million Items**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **144.0M Barrels Fuel Sold (FY 04)**
- **\$14.6B Annual Reutilizations/Disposals**

People

- **21,429 Civilians**
- **528 Active Duty Military**
- **668 Reserve Military**
- **Located in 48 States/28 Countries**



Land Supply Chain Business Profile



Scope of Business

- 3.7M Requisitions per Year
- 350,000 Contracts per Year
- 349,000 NSNs
- \$1.1B Sales

People

- 564 Civilians
- 9 Active Duty Military
- 5 Reserve Military

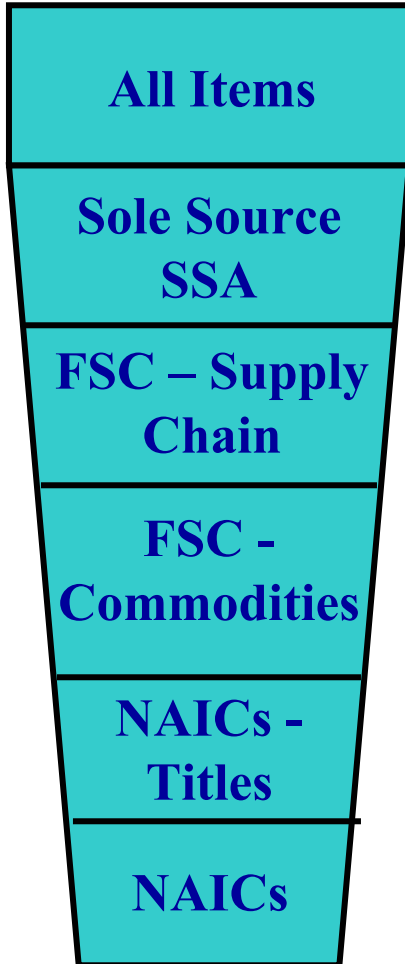




Supply Chains



Supply Chain Assignment Rules



- Sole Source items assigned to Supply Chains based on parent or associated CAGEs identified in SSA
- Assigned to Supply Chains based on nature of the FSC
- Items assigned to C&T, C&E, Subsistence & Medical
- Assigned based on WSDC or \$ customer demand
- Entire Level 2 NAICs assigned based on NAICs title
- Assigned based on WSDC or \$ customer demand



Land Supply Chain



Land



- Wheeled Vehicles



- Tracked Vehicles

- Batteries



- Nuts & Washers



- Converters





Land Supply Chain FSCs

(Preponderance of FSC Assigned to Land SC)



COLS FSCs	
1005	2520
1010	2530
1015	2540
1020	2541
1025	2590
1030	2805
1035	2815
1040	2825
1045	2910
1055	2920
1075	2930
1080	2940
1090	2990
1095	4910
2510	

PHIL FSCs
5340
5341
5360

RICH FSCs
5110
5120
5180
6117
6135
6140



Land Supply Chain



PLS

- Spare Parts Support

- Procure Suspension, Air Conditioning (A/C), and Armor Piece Parts



FMTV



HET



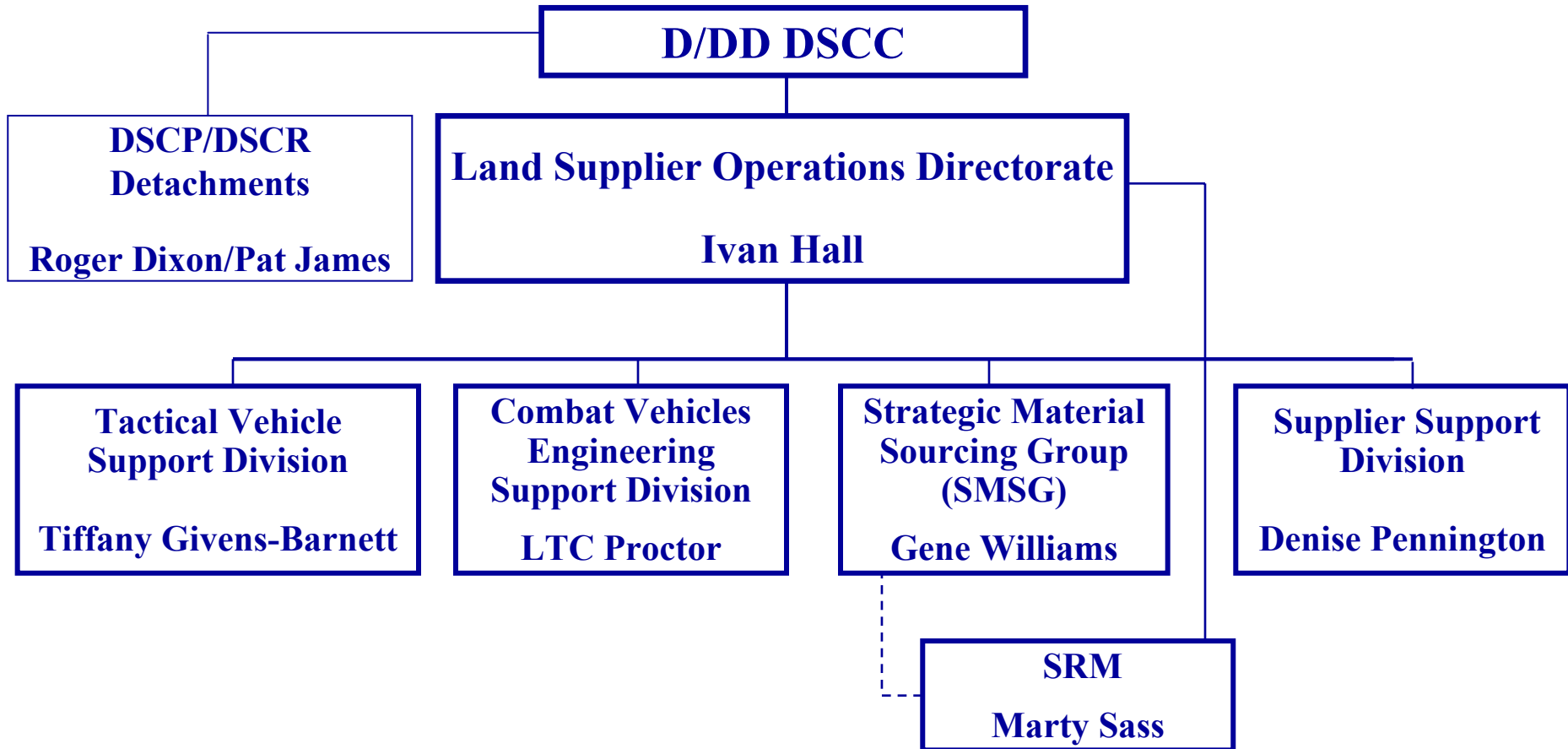
Land Supply Chain



- **Up-Armor HMMWV (UAH)**
 - **Army Requirement: 8,275**
 - **In Iraq: 6,345 (all O/H by July 05)**
 - **O’Gara-Hess up-armors HMMWVs**
- **Add on Armor (AoA)**
 - **Army Requirement: 15,571**
 - **Installed in Iraq: 10,653**
- **DLA Spare Parts Support**
 - **Suspension Kits, A/C, Armor**
 - **RECAP / RESET of HMMWV**

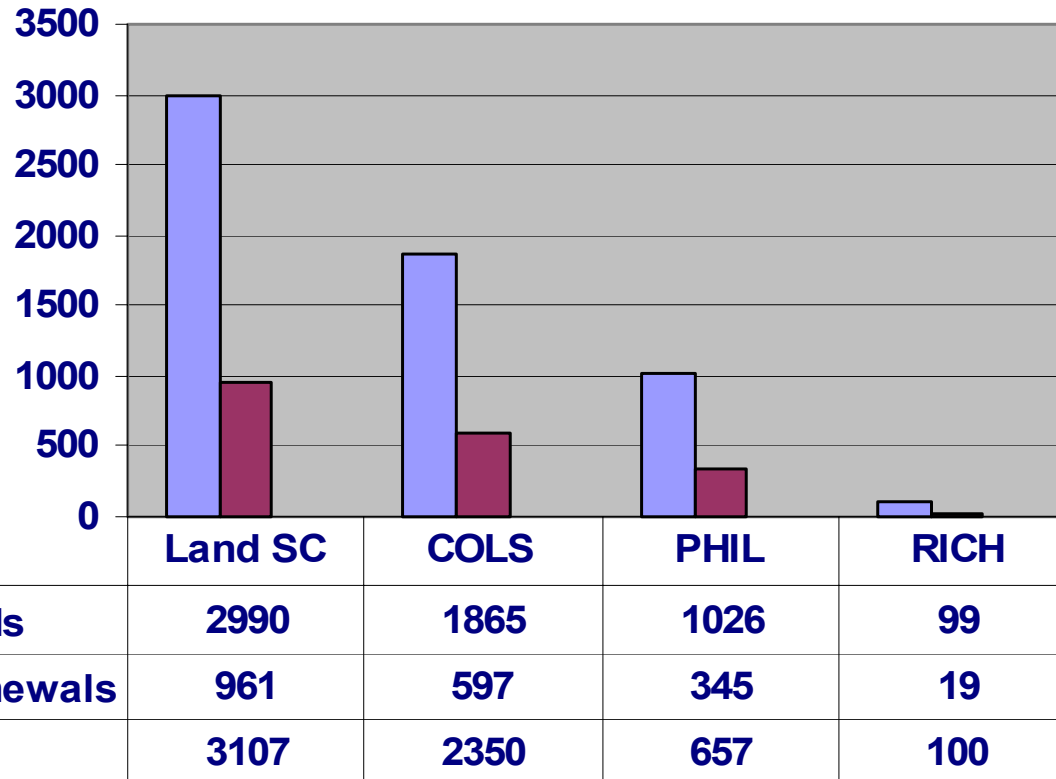


Organizational Alignment





Strategic Materiel Sourcing



Land Supply Chain Assessment

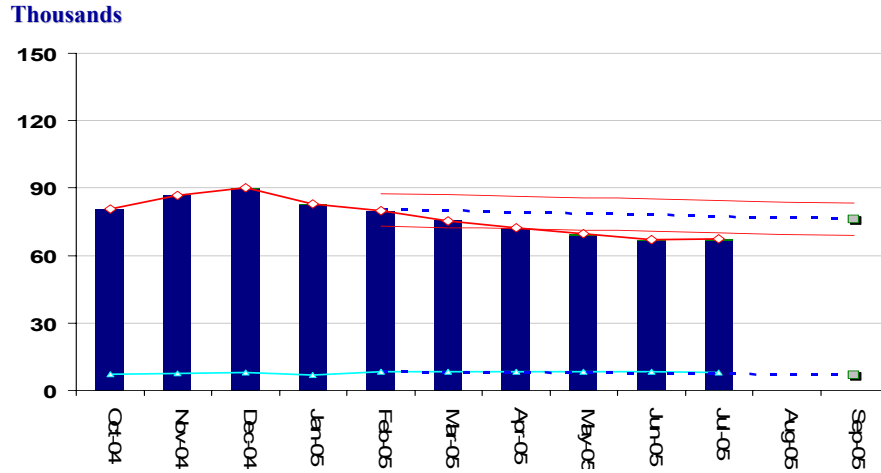
- Plan on Target to Meet Goal
- New Rules for FY06 – Include ADV and ADF
- Price of Success...Means Increase in Renewal Workload
- SMS Shortens Lead Times, Ensures Reliable Deliveries...Supplier Relationships



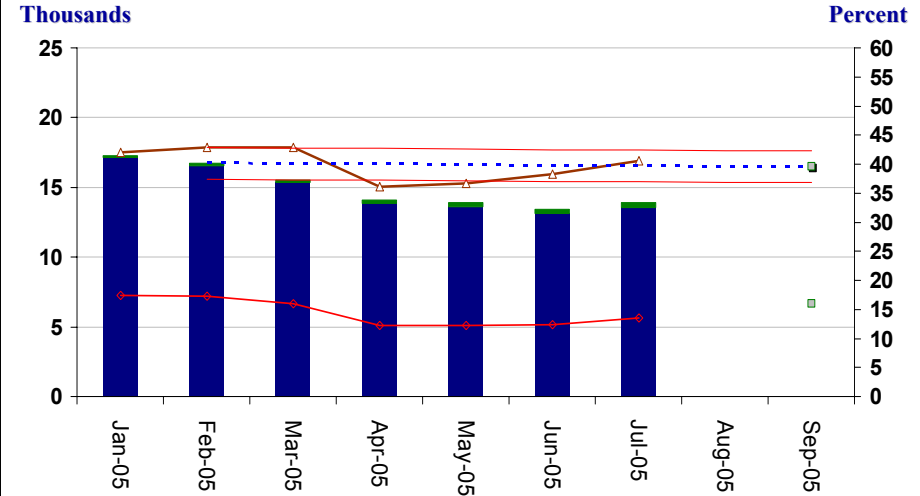
Land Supply Chain Current Performance Trends



Backorders On Hand and > 180



PRs On Hand and > ALT of Record



Land Supply Chain Issues

- PRs and Backorders on Track to Meet FY05 Goals
- Backorders Greater Than 180 Days a Challenge
- Accelerated Investment is Working
- Expect Army Demand to Surge
- Reset Moving Left
- Planning and Training for BSM Conversion Ongoing
- Improving Coordination Across the Detachments (Columbus/Philadelphia/Richmond)
- Transition Metrics/Goals
- OA Issues and Supplemental



Strategic Supplier Alliances



OBJECTIVES –

Identify and leverage opportunities for DLA and Services to implement and execute SSAs with key industry partners

SUPPLIERS –

Oshkosh, AM General, United Defense Limited Partnership (UDLP), General Dynamics Land Systems (GDLS)

GOALS –

- PLT Reduction
- ALT Reduction
- Demand Planning
- Technical Support
- Pricing and Materiel Price Reduction
- Future Contract Incentives

SUCSESSES –

- Tremendous Surges in Demand and Support
- Continued Dialogue to Facilitate Customer Support
- Significant Improvement of On-Time Delivery
- Significant Support of Key NSNs





Supplier Engagement Plans



- **Continued Effort on SSA Action Plans/Issues**
 - Add On LTC Actions
 - Transportation Issues
 - Performance Improvement
 - Shared Forecasting/Collaboration
- **Develop New Supply Chain Alliances (SCAs) with Tier II Suppliers, Cummins, B.T.M.C., O’Gara-Hess**
- **PBL Projects – HMMWV Recap, FASI Global, Dozens of Weapon System Support LTC Projects**



Supply Chain Alliances



- **Supply Chain Alliances are Currently being Developed**
- **These will Allow DLA to Build Stronger Relationships with:**
 - **Competitive Suppliers**
 - **Other Sole Source Suppliers**
- **Supply Chain Alliance Goals**
 - **FY '05 – 3**
 - **FY '06 – 7**



Supply Chain Alliances



Targeted Supply Chain Alliances (SCAs)

- Cummins Engine
- BTMC (Meritor Dealer)
- WATEC (Reverse Osmosis Water Purification Unit)
- O’Gara Hess (Up-Armored HMMWV)





BSM Roll-Out Land Supply Chain



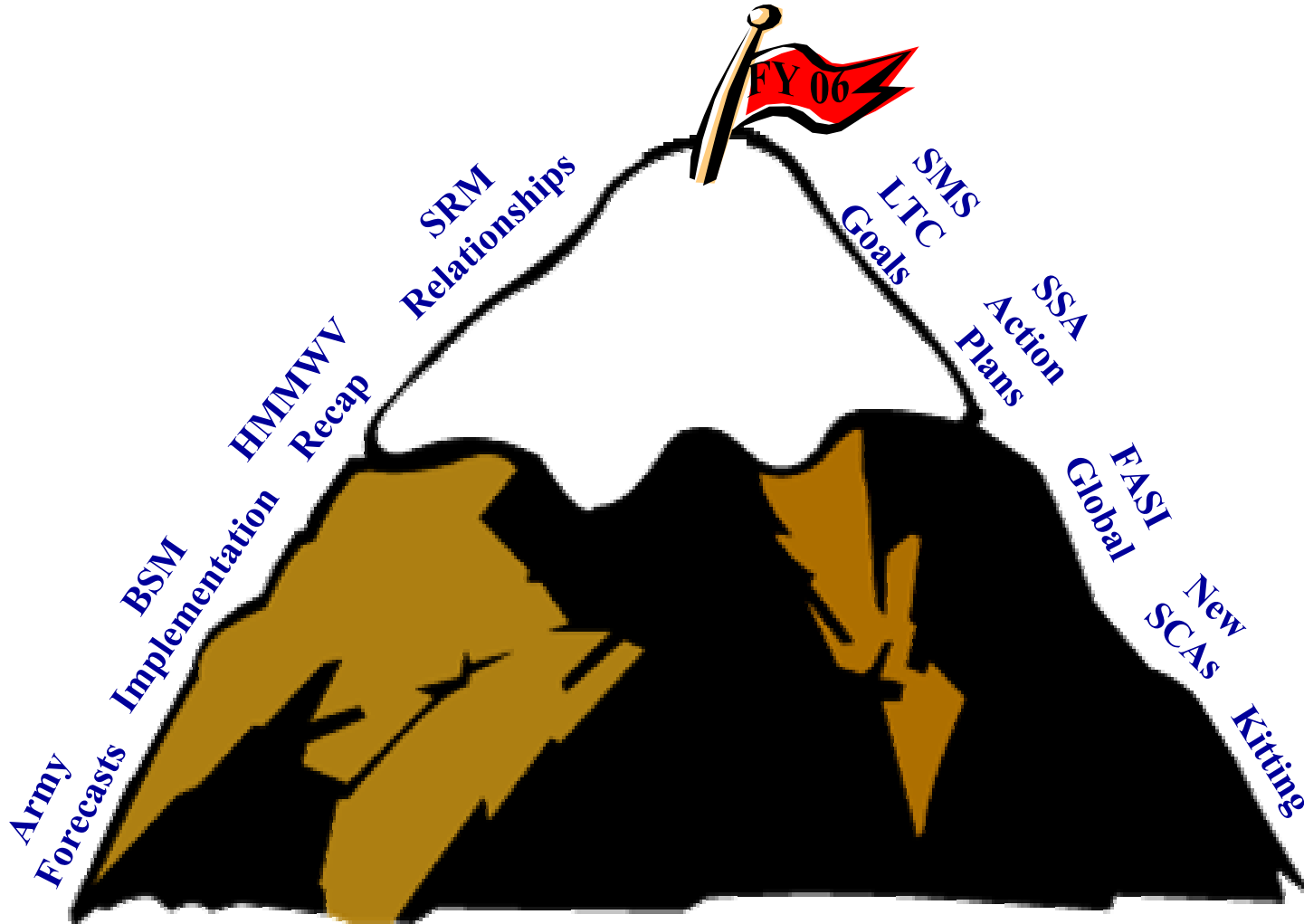
	Jul05	Aug05	Sep05	Oct05	Nov05	Dec05	Jan 06	Feb06	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06
DSCC			40% NSN 12% ADV				STABILIZATION			96% NSN 71% ADV				100% NSN 100% ADV All Users
DSCP			85% NSN 18% ADV				STABILIZATION			93% NSN 40% ADV				
DSCR							STABILIZATION		87% NSN 34% ADV					

R 2.1.3

R 2.2



Summary



Not Mt. Everest...But Close!