



*Maximizing Warfighter Support
Through
The Future Logistics Enterprise*

March 4, 2003

Alan F. Estevez
Assistant Deputy Under Secretary
of Defense (Supply Chain Integration)

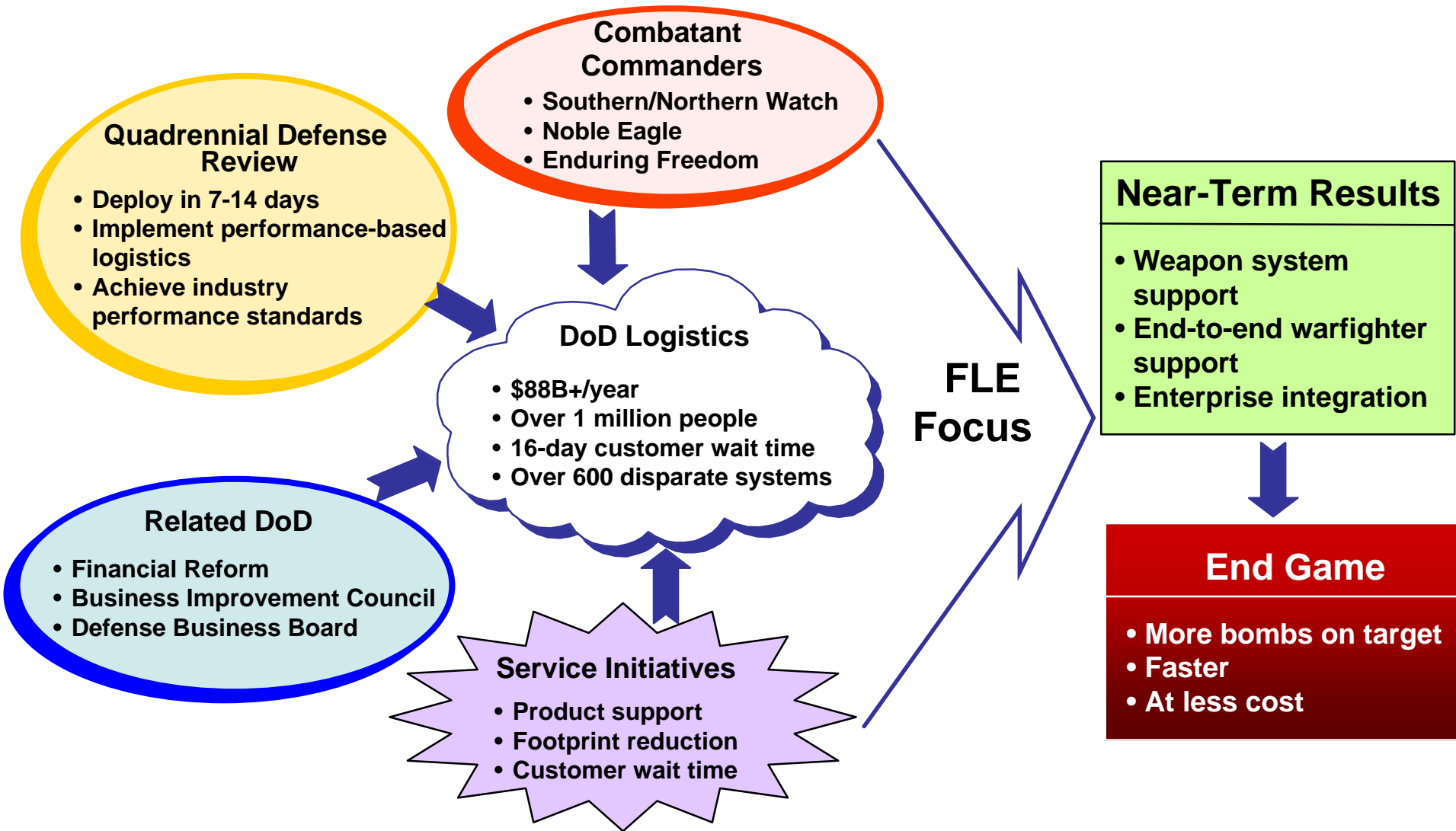


Future Logistics Enterprise (FLE)

- **DoD's near-term plan to transform logistics**
 - **Weapon system support**
 - **End-to-end customer service**
 - **Enterprise integration**
- **Focused on improving warfighter support**
- **Enabled by best practices and commercial solutions**



Why Future Logistics Enterprise?



The threat is now!—Transformation must be now!

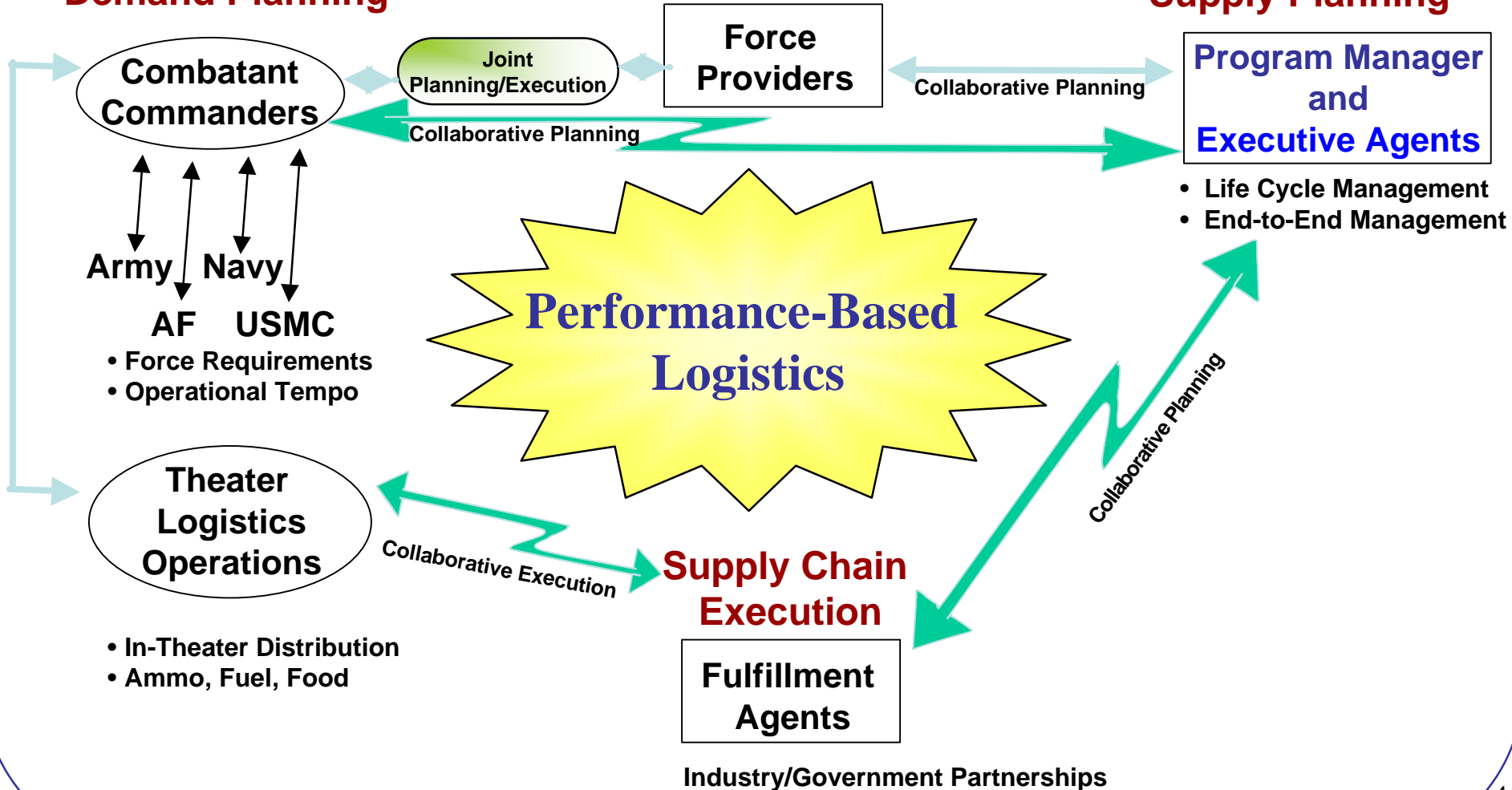


Future Logistics Enterprise

Enterprise Integration

Demand Planning

Supply Planning





What's New

- **End-to-end responsibility and accountability**
 - **Program Managers**
 - **Executive Agents**
- **Real-time demand planning and capture from the source**
 - **Combatant Commanders**
 - **Deployed forces**
- **Processes and systems that embed best practice**
 - **Distribution**
 - **Information management**

Providing our forces with consistent, reliable logistics support

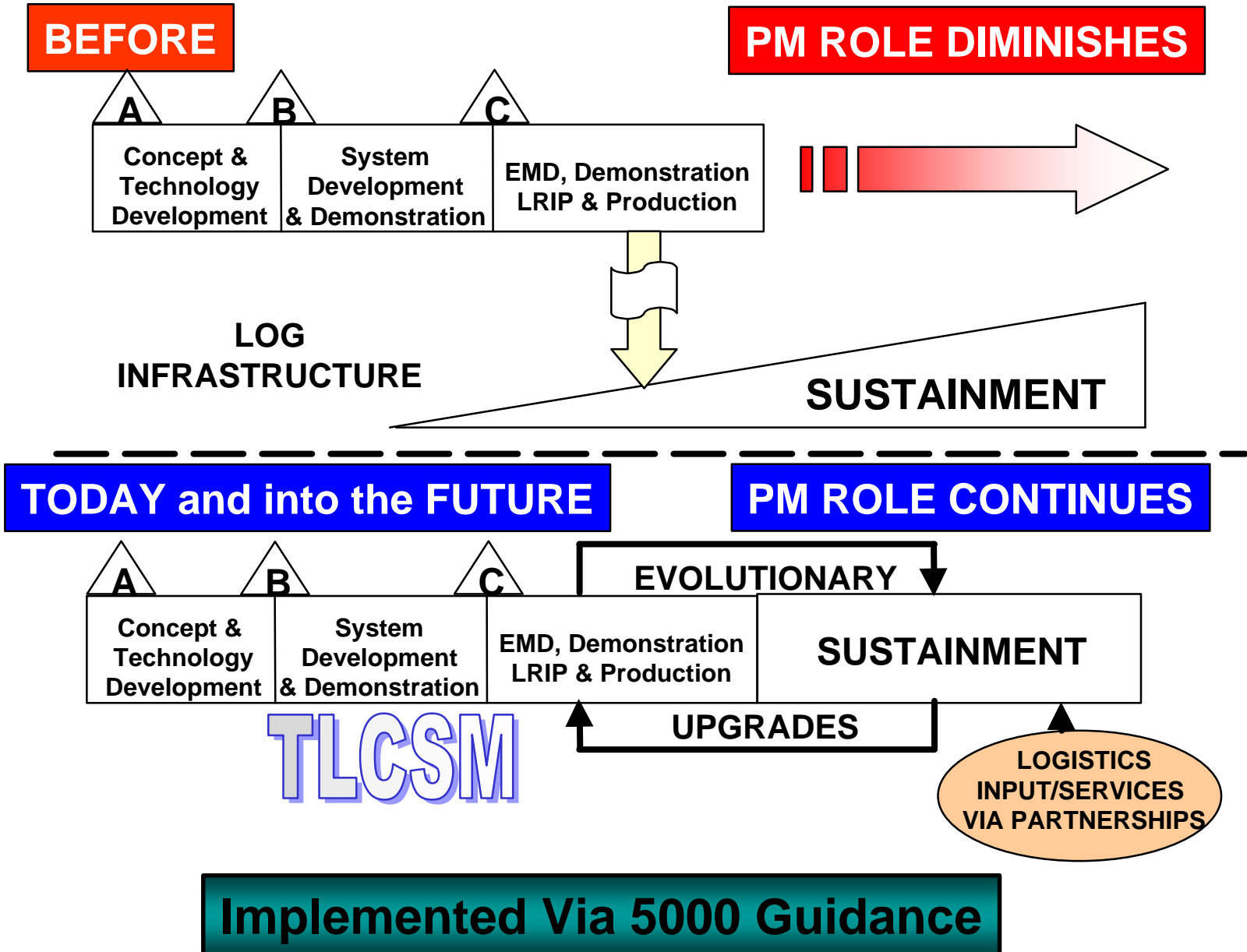


Weapon System Support Challenges

- Weapon system reliability designed to 75-85% range
 - Will not support rapid force projection
- Estimated weapon system sustainment cost of \$67B
 - Unable to link cost to performance
- Average wait time of 16 days for repairable parts
 - Disconnects across logistics functions
- World-class organic and commercial maintenance capabilities
 - Competing rather than cooperating
- Promising demonstrations of automated maintenance aids and parts management
 - We need to proliferate across the Department

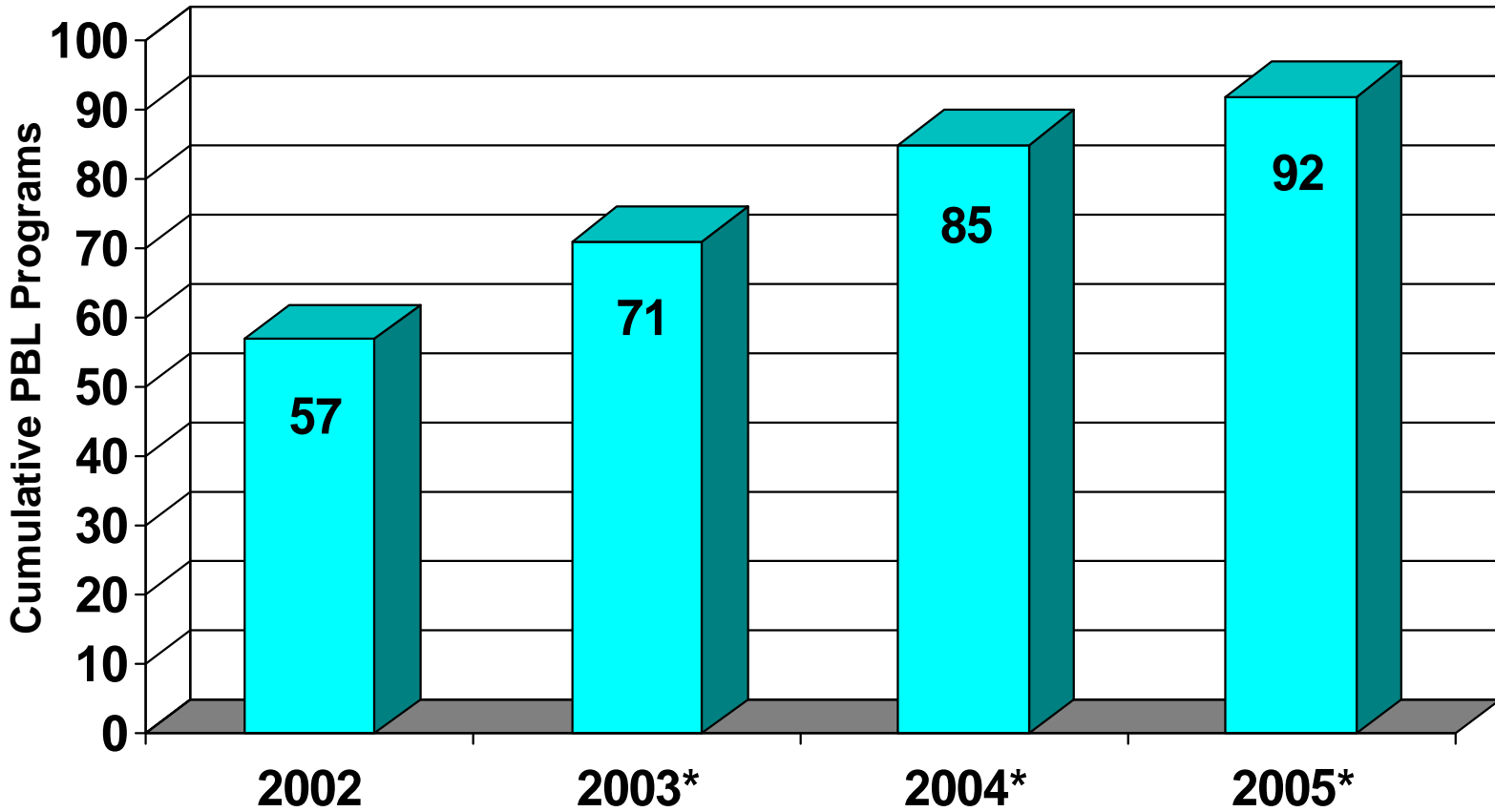


Life Cycle Management





PBL Implementation



* Projected PBLs Based on Approved Service Plans



Public-Private Partnering

Warfighter

- Improved logistical support
- Improved responsiveness
- Technology infusion
- Increased reliability

Organic Depots

- Enhanced operating efficiency
- New investment
- Access to technical innovation
- Preserve skilled workforce

Commercial Firms

- Access to process permits and proven capabilities
- Minimize process flows
- Avoid investment in duplicative capabilities
- Long-term agreements



Early Indicators of Success

~40% REDUCTION
LOG FOOTPRINT

~60% MORE
SORTIES



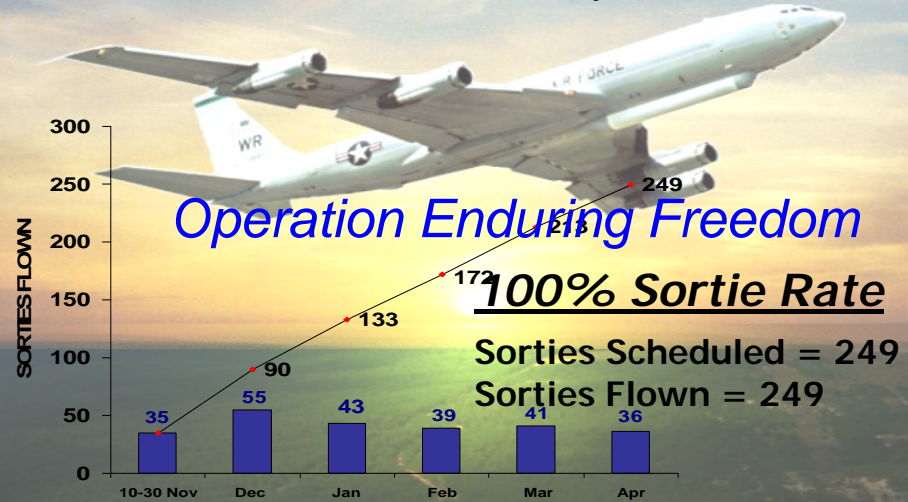
JSF

Performance-Based Logistics

- Designed-in Reliability
- Single Contract for Sustainment

JSTARS PBL Aircraft Availability

Provided 199 additional aircraft days in FY01 & FY02



Auxiliary Power Unit

NAVICP



Honeywell

PLUS:



On-Line
Shipping & Inv
Mgmt

Industry/Government partnership

Results

Units in repair from: 252, to: 0










98% shipped same day (was 60% prior to PBL)

92% delivered within 4 days worldwide

CWT reduced from: 35 days to: 5 days



Migration to the FLE End State

FIELDDED	CURRENT	FUTURE
 <p>F-18 C/D</p>	 <p>F-18 E/F</p>	 <p>JSF</p>
 <p>DDG</p>	 <p>LPD-17</p>	 <p>DDX</p>
 <p>BRADLEY</p>	 <p>Stryker</p>	 <p>FCS</p>
<ul style="list-style-type: none"> • Transaction-based • Fractured Supply Chains • Random Failures • Batch Process orders • Limited Accountability 	<ul style="list-style-type: none"> • Performance-Based • Integrated Chains • Fleet Management • Integrated Systems • PM Accountability 	<ul style="list-style-type: none"> • Capability-Based • Industrial Integration • Autonomic Logistics • End-to-End Solutions • Single-Line Accounting

Response Time:

16 days

2000

5-8 days

2010

1-5 days



End-to-End Warfighter Support

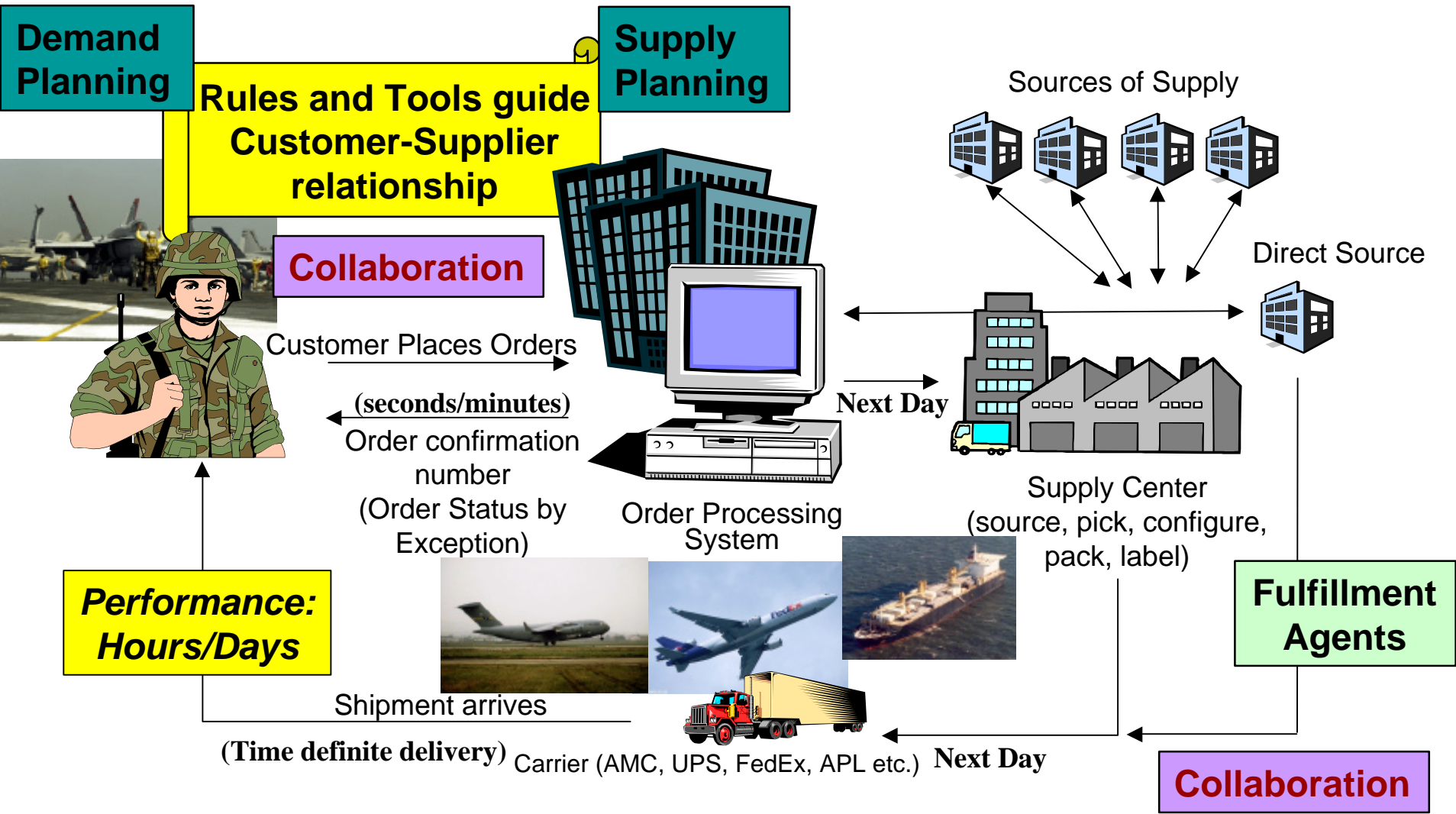
Uncertainty in the Supply Chain

- Lack of customer confidence
- Lack of timely consistent information
- Unsynchronized materiel flow and hand-offs
- Lack of collaboration in planning and execution





Best Practices Distribution Process



Simple, responsive, reliable, visible



Executive Agents

Combat Commodities

Operational Requirements

Combat Services



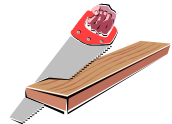
Subsistence



Bulk Pol



Medical Supplies



Construction Supplies

End-to-End Customer Service

Performance Driven Contracts



End-to-End Customer Service

Fully Resourced Reqmts



Port Opening



Water



In-Theater Distribution

And Others

COMMODITIES AND SERVICES RESOURCED AND DELIVERED TO OPERATIONAL REQUIREMENTS



Change the Process

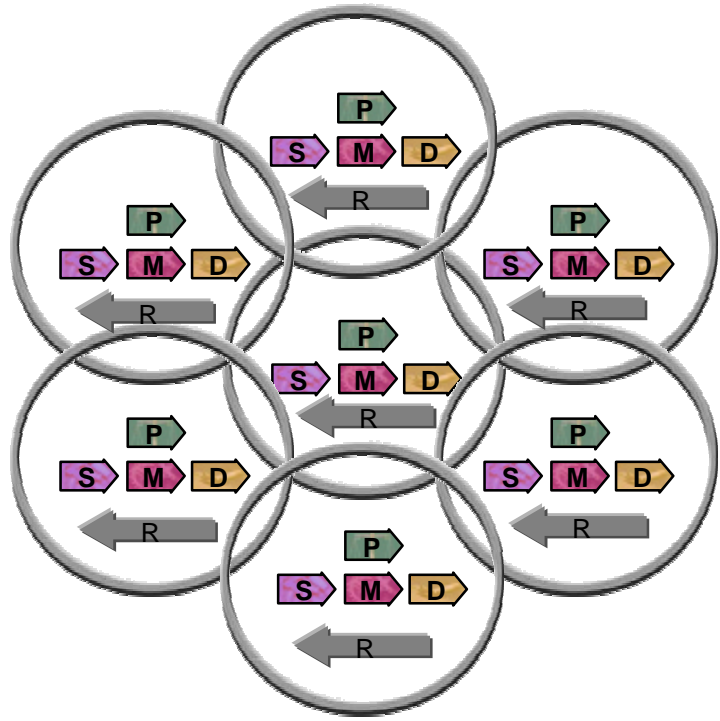
TRANSFORM DOD LOGISTICS BY...

- **Shifting key roles and responsibilities for end-to-end customer support**
 - Source of Supply assumes ultimate responsibility for fulfilling the requirement, regardless of who is executing portions of the process
 - Requires proactive collaboration between Source of Supply, fulfillment agents, and customer
 - Operate within Performance Based Agreements (PBAs) between Customer and Source of Supply
- **Through updated Materiel Management, Acquisition & Financial Policies**
 - Key Policy Changes In Place By Jun 03
- **Filling Information Gaps; needed information provided to the warfighter**

***SHIFTING FROM MANAGING INVENTORY TO
MANAGING THE SUPPLY CHAIN!***



Real-Time Demand Planning



Planning Trigger: Event Occurrence

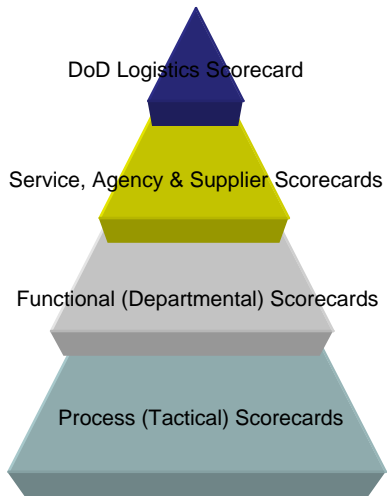
Communication Path: Concurrent

Logistics Focus: Maximize Value to the Warfighter (operational availability)

Core processes across DoD with concurrent links working in real time



Measure Output



CWT



Speed



Shifting the Paradigm

Meeting Warfighter Requirements

- Right Time
- Right Quantity
- Serviceable Condition
- Complete Documentation

Perfect Order Fulfillment

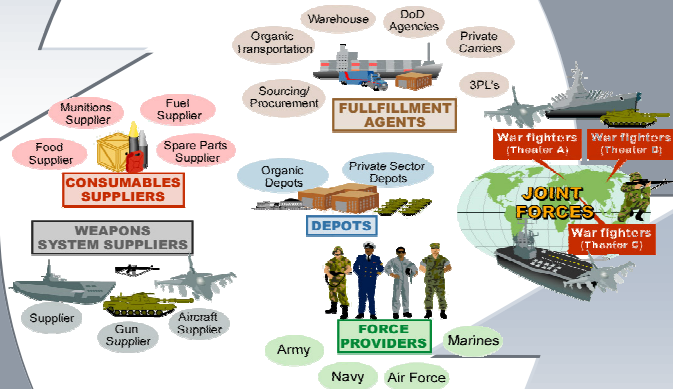


Performance Criteria Will Drive Behavior



Enterprise Integration

Linking people, processes & information . . .



. . . to seamlessly deliver warfighting capability.

Enterprise Integration End State:

Highly trained and skilled people within the DoD Logistics Enterprise have access to near real time, actionable information

...provided by modern, commercially-based software products

...that have been rapidly implemented to enable reengineered logistics processes and business rules



Managing for Success

Joint Logistics Board -- JLB

Senior Domain Leadership (3 and 4 star level)
DUSD(L&MR) Chair
Representation from All Services/Agencies

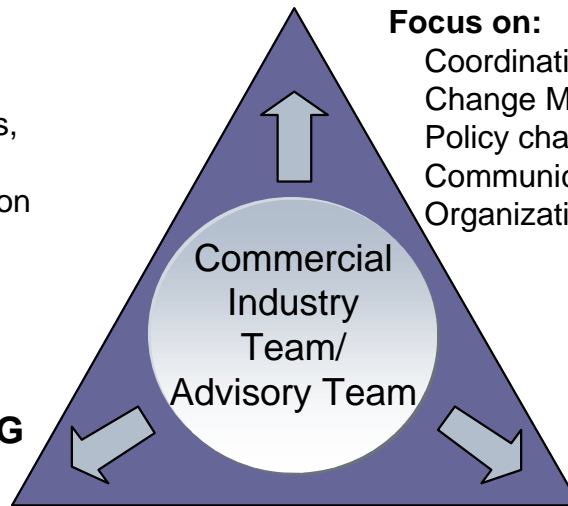
Change Management Group - CMG "Make it Stick"

Focus on:

- Coordination with JLB
- Change Management
- Policy changes
- Communications/Public Relations, Messaging
- Organizational Readiness

Commercial Industry Team:

One Rep (CIO, Exec Sponsor, VP Logistics, CEO etc) from selected companies that provide input/advice to each of the groups on varying topics



Commercial
Industry
Team/
Advisory Team

Best Business Practices Group - BBPG "Reengineer for Success"

Focus on:

- Architecture
- Balanced Scorecard - KPI/Metrics
- COTS Product Exploitation
- Business Process Reengineering
- End-to-End Processes
- Roles/Org Model
- Logistics Education

Program Implementation Group - PIG "Do it Right and Fast"

Focus on:

- Best Implementation Practices
- Lessons Learned
- Infrastructure
- Integrated Schedule
- EI Toolkit
- Modernization Programs Education and Training
- RICE
- Security



Progress-To-Date

- Promulgated life cycle management across DoD
 - **Established 60 performance-based logistics programs**
- Secured depot partnering enabling legislation
 - **Issued partnering policy**
 - **Established 47 depot partnerships**
- Defined end-to-end service for key combat commodities
- Developed comprehensive logistics enterprise architecture
 - **Recognized as the logistics domain within Financial Management Enterprise Architecture (FMEA)**
- Initiated COTS business solutions for 100,000 users

***A Consistent Logistics Agenda;
Moving Forward with Implementation***



Logistics Excellence



Don't our sons and daughters deserve it!