



NDIA CONFERENCE



DLA AFLOAT

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Today's Presentation

- **DLA Enterprise**
- **Transformation Overview**
- **DLA Afloat Initiative**
- **Summary**

The background of the slide features a large, wavy American flag with stars and stripes. At the bottom, there is a dark silhouette of a group of people standing together. The overall tone is patriotic and formal.

The Enterprise



The DLA Enterprise as of 11 October 2005

FY01 Sales/Services:	\$17B
FY02 Sales/Services:	\$21.5B
FY03 Sales/Services:	\$25B
FY04 Sales/Services:	\$28B
FY05 Sales/Services:	\$31.8B
FY06 Projection:	\$34.3B

- **Land/Maritime:** \$3.3B
- **Aviation:** \$3.6B
- **Troop Support:** \$12.9B
- **Energy:** \$11.0B
- **Distribution:** \$2.5B
- **Other:** \$1.0B

- **~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**
- **#54 Fortune 500 – Above Walt Disney**
- **#2 in Top 50 Distribution Warehouses**
- **26 Distribution Depots**
- **5.2 Million Items – eight supply chains**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **132.8M Barrels Fuel Sold (FY 05)**
- **\$14.6B Annual Reutilizations/Disposals**

People

- **21,039 Civilians**
- **523 Active Duty Military**
- **668 Reserve Military**
- **Located in 48 States/28 Countries**

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Transformation



DLA's Top Five Priorities

- **Mission** –

- *Support to the War Fighter*

- **Transformation** –

- *Enhanced Capabilities for the Future War Fighter*

- **People** –

- *Transforming Our Human Capital and the Workplace*

- **Alignment** –

- *To War Fighters...To Supply Chains*

- **One Enterprise** –

- *Seamless Partnering for War Fighter Logistics Support*



Transformation

13 Programs and Initiatives

Defense Logistics Agency

- ✓ Supplier Relationship Management
- ✓ Distribution Planning Management
- ✓ **Global Stock Positioning**
- ✓ Executive Agency
- ✓ Business Systems Modernization
- ✓ Integrated Data Environment
- ✓ Customer Relationship Management
- ✓ National Inventory Management Strategy
- ✓ Product Data Management Initiative
- ✓ Reutilization Modernization Program
- ✓ Fuels Automated System
- ✓ Workforce Transformation
- ✓ Base Realignment and Closure

FY 04-11
Expect
\$465.4M in
cost
avoidance

Plus

*Public/Private
Competitions*

*Quadrennial
Defense Review*

*Distribution
Process Owner*

\$2.1 Billion Investment
\$4.8 Billion Savings
to the Services thru FY11



Global Stock Positioning (GSP)

1 of 13 Transformation Initiatives

PAST

- Inventory Control Point-unique approach...no central strategy
- Vendor-centric stock positioning tendency
- Limited Service engagement

PRESENT

- Central strategy and business rules
 - Defense Distribution Center-led Stock Positioning Integrated Process Team
- Focus shift to Service/War Fighter
- Services engaged

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

FUTURE

- Enterprise Strategy: Global positioning in advance of requirement to increase mat'l availability/reduce wait time
 - Increasing readiness while reducing cost
 - “Facing Fill” Targets built into Business Systems Modernization business rules
 - Hub and Spoke methodology
- Service/Warfighter-centric
- Services in partnership

- ✓ *Tailored stock profiles*
- ✓ *2 New SDPs--BRAC*
- ✓ *Deployable Depot*
- ✓ *DLA Afloat*

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DLA Afloat Initiative



Forward Distribution Strategy



AIR

OCONUS, fixed based distribution centers

Forward Stock Positioning

Kuwait



Support to the Warfighter

Deployment & Resupply from CONUS

SURFACE

Persian Gulf

FLEXIBLE

AGILE

RESPONSIVE



Strategic Distribution Centers

DLA Afloat Distribution Center



Ethiopia



Deployable Distribution Capability

Deployable from CONUS

Mobile, forward positioned

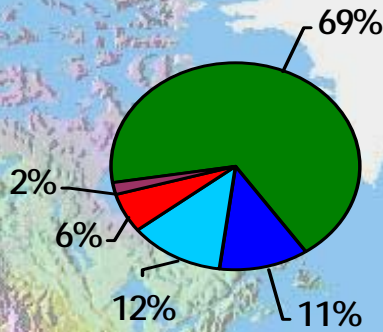
Comprehensive Distribution Management



Fixed Base Forward Stocks

\$500M Annual Demand
All Sites

- Army
- Navy
- Air Force
- Marines
- Other



As of 17 Oct 05:
 19,431 NSNs Available for Issue
 500,122 MROs Processed
 191.2 M lbs. Shipped
 Est. Cost Avoidance: \$144.1 M



Germersheim



Sigonella

Kuwait



Korea



Yokosuka



Guam



- ✓ Decrease CWT
- ✓ Improve Readiness
- ✓ Decrease Cost

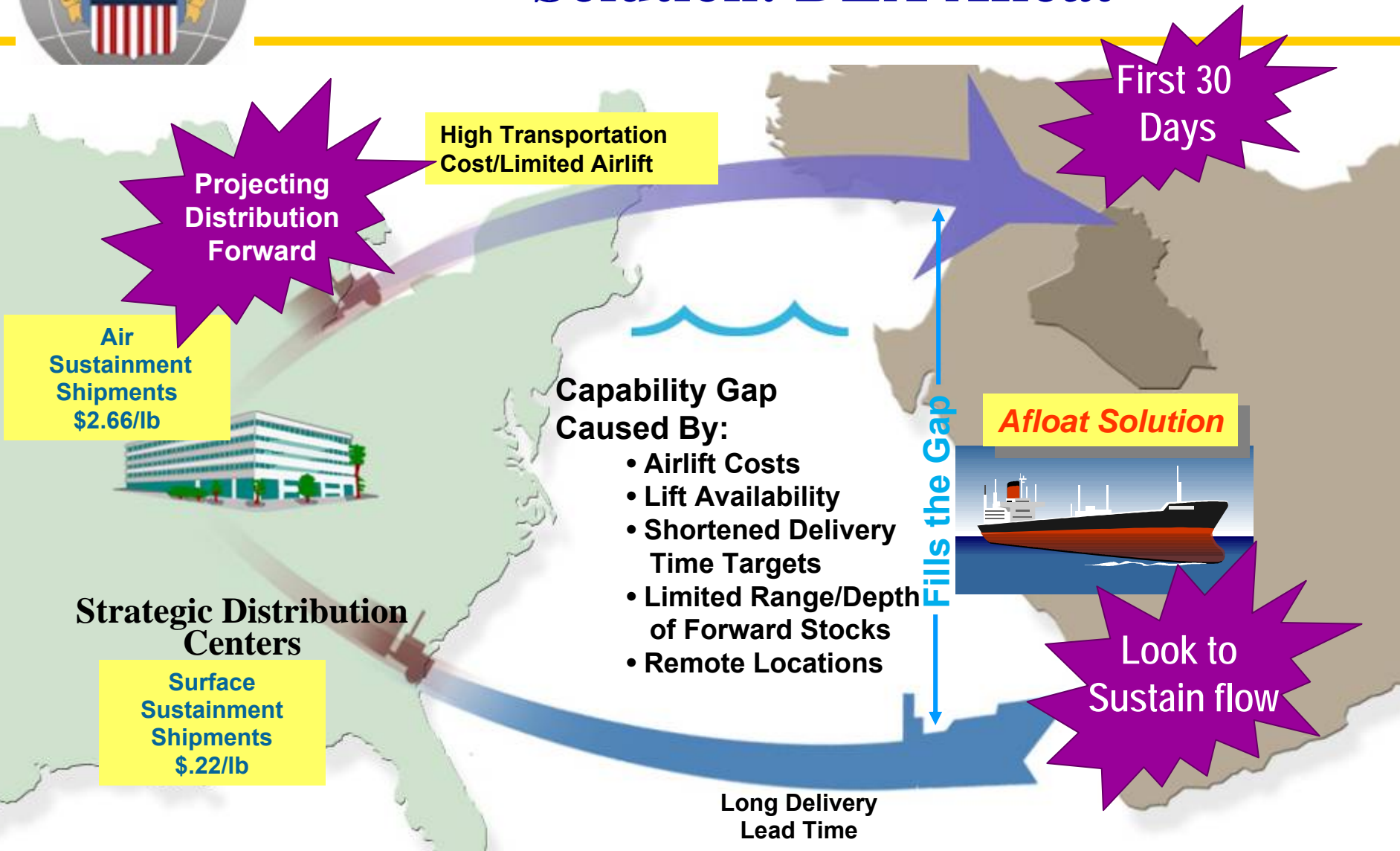
<u>Location</u>	<u>FSL # of NSNs</u>	<u>Projected # of NSNs</u>	<u>Projected Completion Date</u>	<u>Actual FY05 MROs</u>
Germersheim	22,250	22,250	Completed	477,695
Sigonella	4,150	4,150	Completed	66,685
Yokosuka	23,350	23,350	Completed	420,544
Korea	14,300	14,300	Completed	61,181
Pearl Harbor	16,000	22,300	Feb 2006	161,167
Guam	5,800	8,700	Feb 2006	14,978
Kuwait	<u>32,400</u>	<u>40,000</u>	Feb 2006	<u>476,829</u>
Totals	118,250	135,050		1,679,079

(Data as of October 11, 2005)

FY04 – 11 ... \$465.4 Million Net Cost Avoidance



Defining the Problem: A Distribution Gap Solution: DLA Afloat



Leverages Peacetime Capabilities to Meet Wartime Operations



DLA Afloat Distribution Center Vision Statement

Concept:

- Forward-positioned, self-contained, mobile distribution capability
- Capability to receipt, store and issue supplies tailored by DLA, COCOM and Services
- Sustainment of U.S. Military forces across range of contingency operations and exercises
- More than a preposition ship, a container ship, and a combat stores ship – has characteristics of each

End state:

- A rapid, flexible, capability focused on sustaining the War fighter around the world

*An Afloat Distribution Center Would Strengthen the Supply Chain
By Ensuring Rapid and Flexible Material Distribution Tailorable
to Theater Missions and Requirements*



DLA Afloat Distribution Center

Concept of Operations

A Working Distribution Center

Designated Ship(s) - Configured to distribute selected items within classes of supply (except fuel and ammo) to operational units;

Loading and unloading - Pier side, lighterage, vertical replenishment (Helo), potential limited organic delivery (trucks).

Basic Distribution Functions - (receipt, store & issue) + limited additional functions such as break-bulk.

Multiple storage capabilities - Including modular containers, pallets, down to bin-able items with issue from on-board stocks.

Integrated Capability - Complements DLA fixed based forward stocks & deployable distribution depot capabilities in peacetime and wartime.

Contingency/Exercise Support - Immediate material backup in early deployment/sustainment -- stocking critical, fast moving items

Tailorable Support



Afloat Initiatives Within DoD

- **OSD / Joint Staff**
 - **Joint Expeditionary Force Projection/Sea Basing**
- **Navy**
 - **Joint Seabasing Lead**
 - **Sea Shield**
 - **Sea Strike**
- **Army**
 - **Army Supply Support Afloat Concept**
- **Marines**
 - **Maritime Prepositioning Force (Future)**
 - **Operational Maneuver from the Sea**
- **Air Force**
 - **Ammunition Prepositioning Ships**

Integrated Process Teams

OSD/ Joint Staff
Sea Basing Joint
Integrating Concept IPT

Navy/USMC
Naval Logistics
CONOPS Working
Group

Army G4
Army Supply Support
Activity (SSA) Afloat
Work Group

DLA Afloat Distribution Center





DLA Afloat Distribution Center

Key Benefits

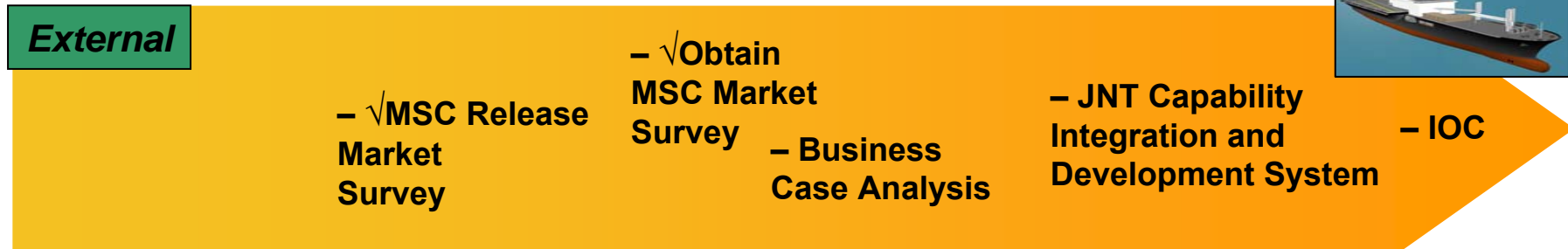
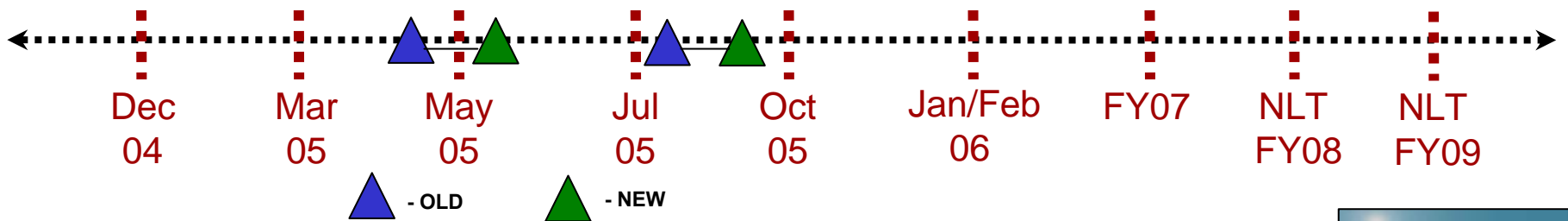
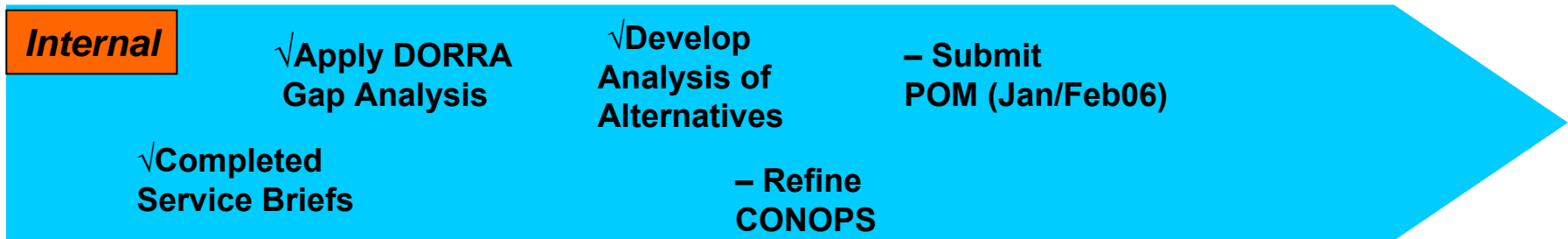
Provides a suite of capabilities to support the War fighter :

- **Increased material readiness** - quick-response sustainment backup support to services' prepositioned stocks and deployed units operating requirements
- **Reduced airlift cost** of bulk items (construction supplies; Subsistence, etc.)
- **Reduced demand on airlift** re-supply missions
- **Minimizes land-based logistics footprint**
- **Worldwide distribution support** capability in addition to material support for contingencies and exercises
- **Supports sea-based power projection concepts** in both developed and austere operational areas (e.g., ports, ship-to-ship, helo)

Working Ship in Peacetime



DADC Time Line



End Game is to have an Afloat Capability by FY09



Summary

- **DLA Afloat Distribution Center will provide a mobile distribution capability to the war fighter as well as the humanitarian requirements necessary to support relief efforts from natural disasters**
- **DLA Afloat Distribution Center is a set of capabilities that enhance DLA's mission performance - not necessarily a single large platform**
- **One solution does not satisfy the range of objectives that we've discussed**



Summary

- **Whatever we finally recommend needs to reflect the operational realities (including the humanitarian relief experienced with Hurricanes Katrina and Rita) and the flexible response required in an increasingly complex world environment**
- **A fiscally sound solution set of capabilities must be consistent with other Defense-wide initiatives that plan to use the sea as maneuver space**