



Land & Maritime Supply Chains Business Conference



Base Realignment And Closure – BRAC 2005

What Does It Mean for DLA?

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BRAC 2005

What Does it Mean for DLA

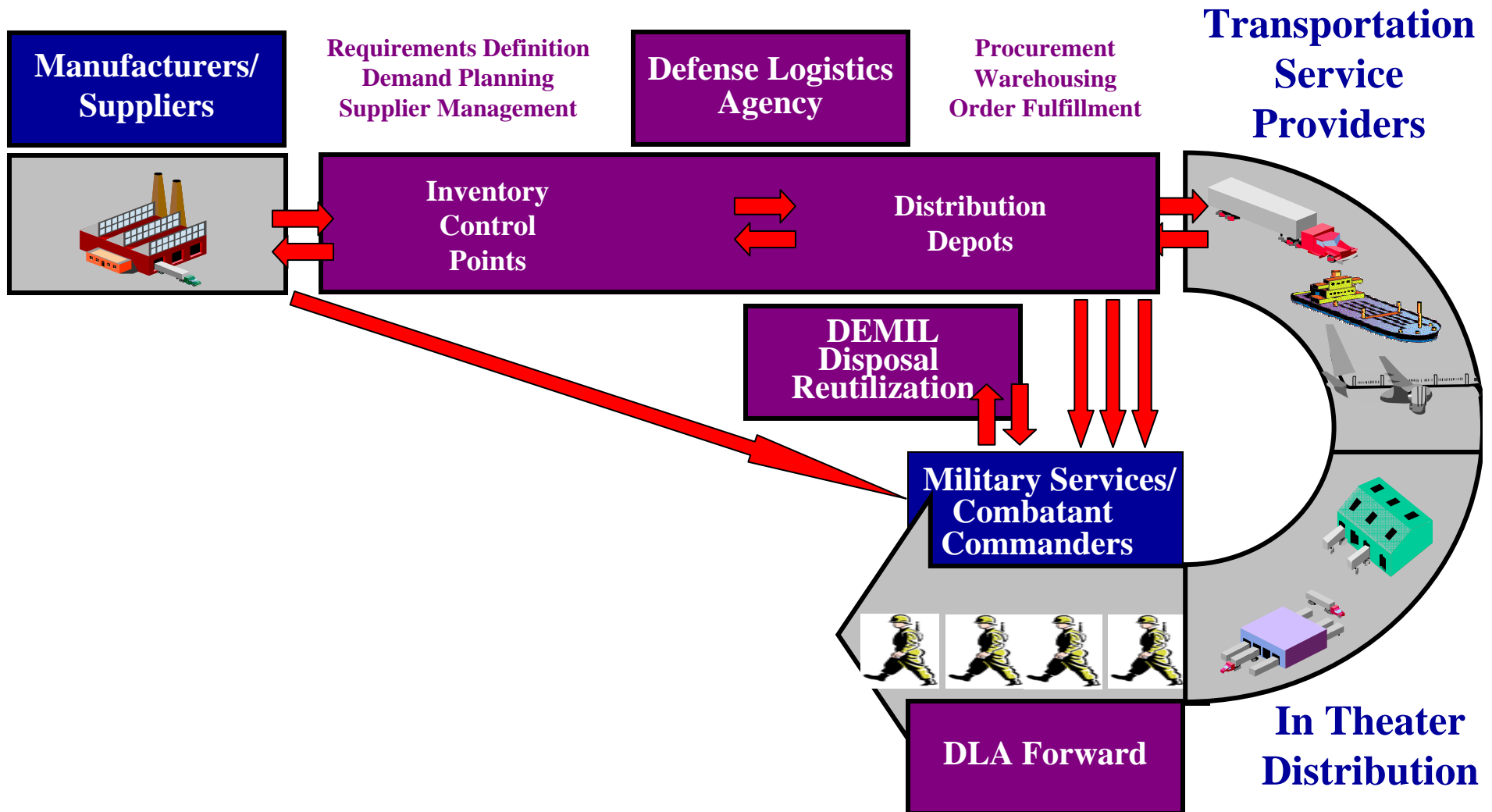
- **Background**
- **The Decisions**
 - **DLR Procurement Management**
 - **Consumable Item Transfer**
 - **Strategic Distribution**
 - **Maintenance Depot Supply, Storage & Distribution**
 - **Commodity Management Privatization**
- **In Closing**



Background



Platform and Troop Support Supply Chains





DLA Enterprise

| | |
|-----------------------------|----------------|
| FY01 Sales/Services: | \$17B |
| FY02 Sales/Services: | \$21.5B |
| FY03 Sales/Services: | \$25B |
| FY04 Sales/Services: | \$28B |
| FY05 Sales/Services: | \$31.8B |
| FY06 Projection: | \$35.0B |

- **Land/Maritime:** \$3.0B
- **Aviation:** \$3.3B
- **Troop Support:** \$12.3B
- **Energy:** \$12.9B
- **Distribution:** \$2.2B
- **Other:** \$1.3B
- ~95% of Services' repair parts
- 100% of Services' subsistence, fuels, medical, clothing & textile, construction & barrier materiel

Foreign Military Sales

- **Sales:** \$1.18B
- **Shipments:** 535K
- **Supporting 124 Nations**

Scope of Business

- **54,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#58 Fortune 500 – Above Sprint Nextel**
- **#2 in Top 50 Distribution Warehouses**
- **26 Distribution Depots**
- **5.2 Million Items – eight supply chains**
- **25M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **132.8M Barrels Fuel Sold**
- **\$14.6B Annual Reutilizations/Disposals**

People

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



BRAC Basics

- **BRAC process designed to drive efficiencies – infrastructure business model enhancements**
- **BRAC decisions are statute**
- **Must complete by 30 September 2011**
- **Tiered-spiral deployment approach**
- **CONOPS evolving**
- **Normal joint dynamics**



Tenets

- **Readiness**
- **Rationalize the end-to-end DoD enterprise business model**
- **Execute the decisions**
- **Achieve the savings**



**Depot Level Repairables
Procurement Management
Decision**



Depot Level Reparables Procurement Management Decision

The Decision

*...realigns or relocates the procurement
management and related support functions
for the procurement of
depot-level reparables
to the
Defense Logistics Agency...*



Depot Level Repairables Procurement Management Decision

End State

A single, integrated DLR and Consumable Item procurement management provider supporting all Service requirements by FY '11

- A single face to industry for all “aftermarket” DLR and consumables procurement**
- Commercial partners maintaining a single procurement management strategic partnership**
- DoD fully leveraging its DLR and consumable buying power**



Depot Level Reparables Procurement Management Decision

End State Issue

- **End-state business model**
 - **One procurement service provider for DoD, or more?**
 - **Statute does not direct the transfer of DLR procurement management functions other than new DLRs**
 - **Navy committed to a single procurement management solution outside BRAC, ...**
 - **Extent of leverage – industry's interface(s)?**

The background of the slide features a faded American flag with its stars and stripes. At the bottom, there is a silhouette of a group of people, possibly a crowd or a group of individuals, standing in a line. The overall tone is patriotic and formal.

Consumable Item Transfer Decision



Consumable Item Transfer Decision

The Decision

...Services relocate consumable item budgeting/funding, contracting, cataloging, requisition processing, customer services, item management, stock control, weapon system secondary item support, requirements determination and integrated materiel management technical support Inventory Control Point function to the Defense Logistics Agency ...



Consumable Item Transfer Decision

End State

A single, integrated consumable items manager supporting all Services' requirements by FY '11 excluding:

- Design unstable**
- One Time Fabricated/Reclaimed**
- One-Time Mods/Conv/Alterations**
- Communications/SIGINT**
- Non-Ordnance Nuclear**
- Level I/SUBSAFE**
- Special Waivers**



Consumable Item Transfer Decision

End State Issue

- **~300,000 of Department's ~5,600,000 consumable items will continue to be managed by Services**
- **All others will transition to DLA**

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Strategic Distribution Decision



Strategic Distribution Decision

The Decision

... Warner Robins and Oklahoma City Distribution Depots (DD) designated Strategic Distribution Platforms (SDP) – mirror existing SDPs' functionality

Columbus DD closed

Remaining DDs, except Red River, designated Forward Distribution Points (FDPs) – retaining minimum necessary supply, storage and distribution functions to support co-located depot and intermediate level maintenance activities ...

Red River remains a Distribution Depot



Strategic Distribution Decision

End State


- **Four Strategic Distribution Platforms**
 - Primary support for regional customers – at home and deployed
 - Primary replenishment source for regions' FDPs
- **Forward Distribution Points**
 - A single manager of storage and distribution
 - A single storage and distribution infrastructure



Strategic Distribution Decision

End State Issues

- **Re-balancing of wholesale inventories**
- **Physical distribution consolidation at bases with DLA Distribution Depots**



**Maintenance Depot Supply,
Storage and Distribution
Decision**



Maintenance Depot Supply, Storage & Distribution Decision

The Decision

...Realign bases by consolidating the supply, storage and distribution functions and associated inventories of the local DD with all other supply, storage and distribution functions and inventories that exist at the bases and support the co-located maintenance depot's operations, maintenance and production ...



Maintenance Depot Supply, Storage & Distribution Decision

End State

A single, integrated supply, storage and distribution provider supporting all Services' maintenance depot requirements to the point of materiel hand-off to the artisan by FY '11

- Single maintenance depot logistics support provider**
- A single inventory level**
- However, tailored inventory/delivery strategies**
- Single maintenance depot supply, storage and distribution infrastructure**



Maintenance Depot Supply, Storage & Distribution Decision

Key End State Issues

- **Agency now in retail supply operations**
- **End state business model**
 - **One supply, storage, and distribution provider or more at each depot**
 - **Maintenance depot production-DLA seams**

The background of the slide features a faded, wavy American flag. At the bottom, there is a silhouette of a group of people standing together.

Commodity Management Privatization Decision



Commodity Management Privatization Decision

The Decision

...realign tires, packaged petroleum products and compressed gasses supply contracting functions from the military Service provider to DSCR and DSCC. Disestablish all other supply, storage and distribution functions for these commodities ...



Commodity Management Privatization Decision

End State

Prime Vendor arrangements satisfying all supply, storage, distribution and disposal requirements for tires, packaged petroleum products, oils, lubricants and compressed gasses



Commodity Management Privatization Decision

End State Issue

- **Agency taking another step in becoming a manager of supply chains – rather than managing supplies**
- **Opportunities for commercial partners**

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In Conclusion



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In Conclusion

*Big change, big challenges,
big opportunities for the Agency and the
Department*

Focus is on the tenets

- Readiness first
- Rationalize the end-to-end logistics Defense Department business model
 - Execute the decisions
 - Achieve the savings