



Land Supply Chain Breakout Session

August 28-30, 2006



Agenda



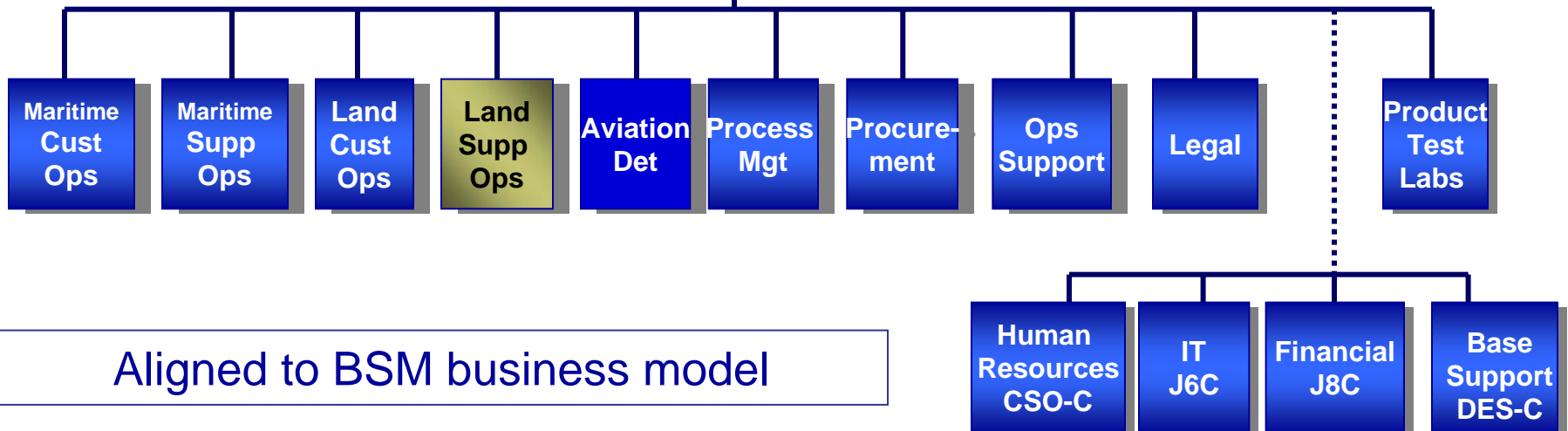
- Welcome
- Organizational Alignment
- One DLA/BSM
- Business Profiles
- SMSG
- Contract Administration
- Summary
- Open Dialogue

A photograph of a military Humvee in a field. A soldier is visible on the roof of the vehicle, and another soldier is kneeling in the foreground. The scene is set in a grassy field under a clear sky. A semi-transparent green box with a grid pattern is overlaid on the center of the image, containing the text.

Focus On the Warfighter Organizational Alignment



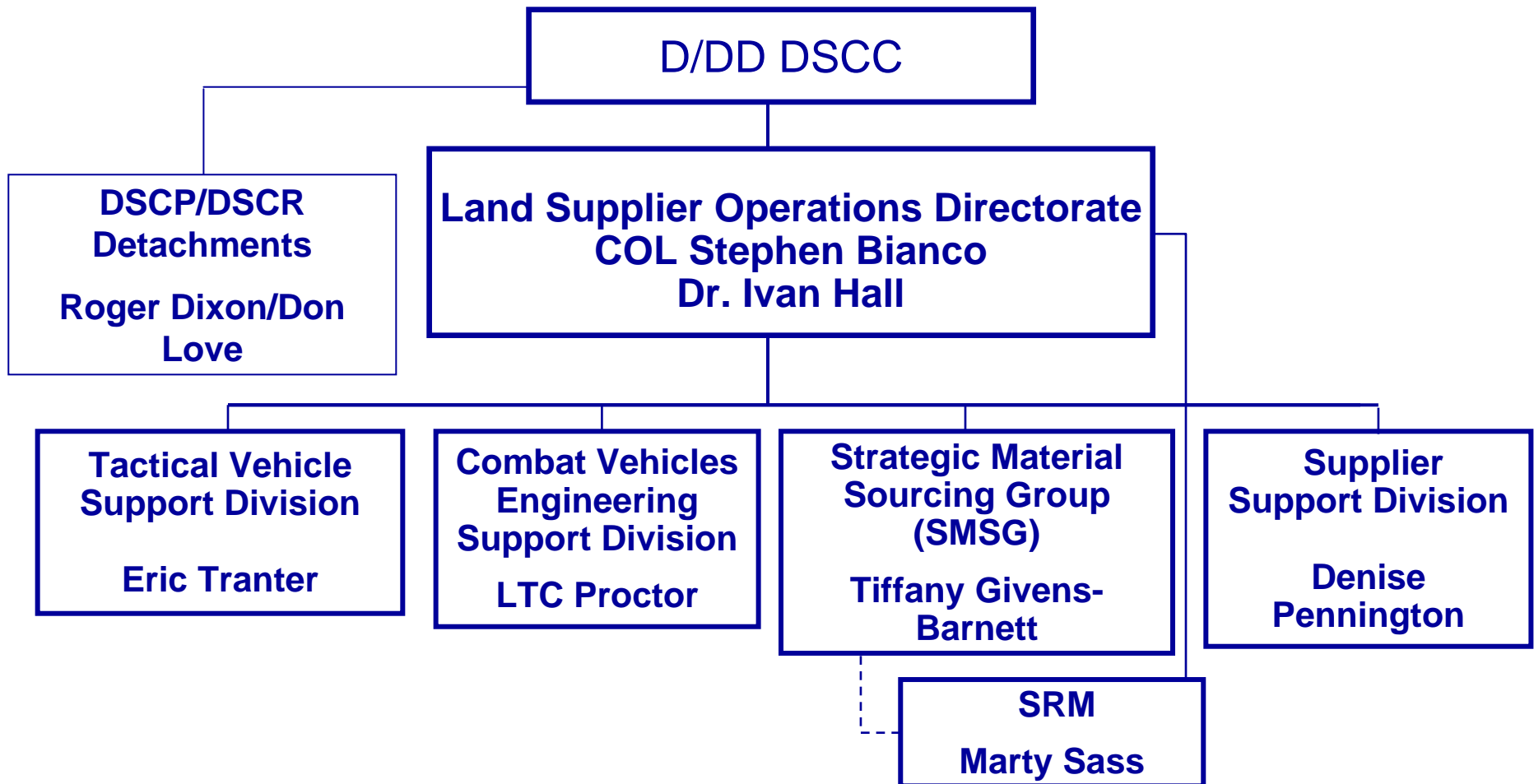
The ICP... Organization



Aligned to BSM business model



Organizational Alignment



A photograph of a military tank, likely an M1 Abrams, in a desert environment. Several soldiers are visible on top of the tank, some appearing to be working or inspecting equipment. The tank's main gun barrel is prominent in the center. The image is overlaid with a semi-transparent yellow rectangular box containing the text "Focus On the Warfighter" and "One DLA/BSM" in a blue, sans-serif font.

Focus On the Warfighter
One DLA/BSM



Transformation & Expansion Business Systems Modernization



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.

A photograph of a soldier in a military Humvee, positioned in a trench. The soldier is wearing a helmet and holding a rifle. The vehicle is dark-colored and has a mounted machine gun. The background is a clear, bright sky. The foreground is filled with gravel or sand.

Focus On the Warfighter Business Profiles



The Nine Indicators Impacting Your Business



Order Fulfillment (Delivery)

- Stock availability
- Order quantity fill rate
- Logistic response time
- Time definite delivery

Planning

- Attainment to plan

Financial

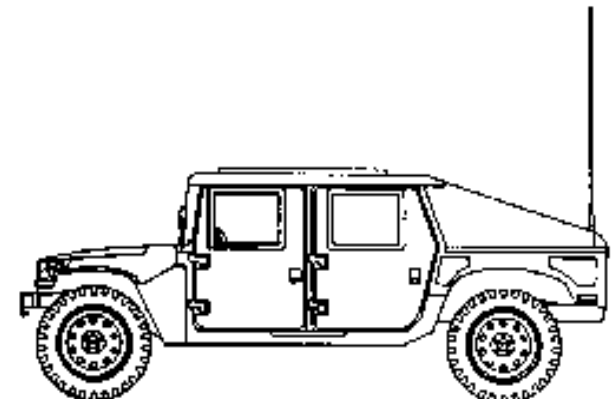
- Aged accounts payable

Tech Quality (PQDRs)

- Order quality

Procurement

- Administrative lead time
- Production lead time



These KPIs measure how we do business with you



Land Supply Chain



Land

- Wheeled Vehicles 
- Tracked Vehicles 
- Batteries 
- Nuts & Washers 
- Converters 

- 360K NSNs, 3 sites, \$1.4B in sales
- Army/Marines ...85% of demand
- 3,200 + suppliers
- 400K contract actions
- 450 employees
- 21 integrated supplier teams



Land Supply Chain FSCs

(Preponderance of FSCs 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	*2530
*2610	*2630
*2640	

PHIL FSCs
5340
5341
5360

RICH FSCs
5110
5120
5180
6117
6135
6140

*Tires and tire-related support

A soldier in camouflage gear is shown in profile, looking through a night vision device. The background is a blurred desert landscape with mountains in the distance. The soldier is wearing a helmet with a night vision device mounted on it. The text "Focus On the Warfighter Sourcing Challenges" is overlaid on the image in a blue, sans-serif font.

Focus On the Warfighter Sourcing Challenges



Small Arms Challenges



- Diminishing manufacturing base
 - Develop priority list for sourcing efforts
 - Value Engineering to dedicate individual to assist in developing sources
- First article and production lot failures
 - Increased use of pre-award surveys
 - Qualified source list
 - Increased surveillance visits by DCMA



Additional Sourcing Challenges



1005-00-625-7592	Bar trigger	2920-01-048-9790	Plate assembly
2590-01-212-1057	Parts kit door	2540-01-185-4387	Top assembly, HMMWV
1095-00-407-0674	Rack small arms	1005-01-033-4538	Extractor, cartridge
2510-01-061-8923	Screen ballistic, radiator	1005-00-556-4102	Rod cleaning
2540-01-199-6761	Bow, vehicular	2590-01-265-3185	Control assembly, push/pull
2510-01-249-1586	Door, hatch	2530-01-357-9776	Cylinder assembly brake
2510-01-374-3119	Side rack	2590-01-328-2904	Brushguard
2530-01-364-9825	Carrier sprocket	1005-01-032-8143	M240 machine gun
1005-00-992-7287	Ring bolt	2590-00-752-9138	Strainer, element
1095-00-151-4385	Lanyard, firing	2530-00-753-9267	Master cylinder
2530-00-274-4511	Wheel cylinder		



**Focus On the Warfighter
Strategic Material
Sourcing Group (SMSG)**



Business Drivers on LTC



Coverage	FY04	FY05	FY06 Goal
NSNs	47%	57%	73%
ADV	67%	71%	78%
ADF	62%	69%	79%

Goal for FY06 - 2,874 NSNs

Result: \$8 out of every \$10 awarded in Land supply chain against long-term contracts.



FY07 SMSG Strategy




Objective:

- Key business drivers on long-term contract
- Prioritized approach to project selection

Target population:

- FSC 5340 – hardware
- FSC 1005 – small arms
- Weapon systems
- Generator kits
- Tires (ancillary support)



**Focus On the Warfighter
Supplier Relationship
Management (SRM)**



Strategic Supplier Alliances & Supply Chain Alliances



Objectives –

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

Goals –

PLT reduction

ALT reduction

Demand planning

Technical support

Pricing and materiel price reduction

Future contract Incentives



Strategic Supplier Alliances & Supply Chain Alliances



Strategic Supplier Alliances

Buyer/seller agreements for sharing information and working together to leverage customer buying power and enhance the supplier's ability to deliver value. (Applies to sole-source OEMs.)

Supply Chain Alliances

Less formal relationships, with competitive suppliers, offering DLA the ability to collaborate (after contract award) and develop opportunities to improve business processes for both DLA and the suppliers.



Strategic Supplier Alliances & Supply Chain Alliances



Successes

Tremendous surges in demand and support
Continued dialogue to facilitate customer support
Significant improvement of on-time delivery
Significant support of key NSNs

SRM Vendors

- AM General, LLC
- Amtech Corporation
- BTMC Corp.
- Badger Truck Center
- Caterpillar, Inc.
- Cummins Engine Company Aftermarket
- General Dynamics Land Systems (GDLS)
- General Dynamics Land Systems-Canada
- Canadian Commercial Corp.
- Grove U.S., LLC
- Kalmar RT Center, LLC
- Komatsu America International
- Armor Holdings/Ogara-Hess & Eisenhardt
- Oshkosh Truck Corp.
- Penn Detroit Diesel Allison
- SAIC D/B/A Procurenent, Inc.
- Stewart & Stevenson Tactical V
- BAE Systems Land and Armament
- Watec, Inc.
- West Side Tractor SLS Co. Del
- Wheeler Bros., Inc.
- FN Manufacturing



SRM Strategy



Actions

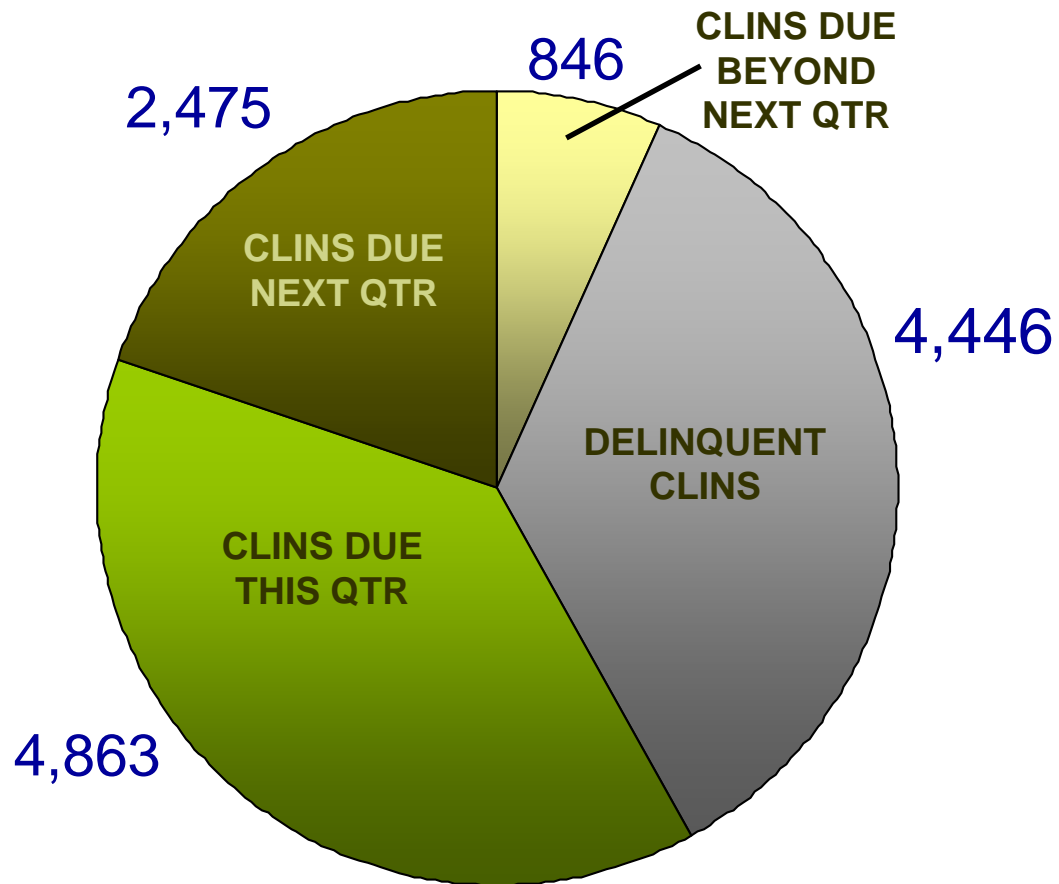
- Ongoing Line of Balance with SRM vendors via monthly open order report, regular communication with SRM personnel
- Priority identification is for high priority requirements, highest backordered items (top 200)
- Issued to vendor beginning of each month, status requested by mid-month
- Report posted for easy access to status by WSSMS, CAS, SP, buyers
- Routine sharing of 8 qtr demand history to aid in forecasting and backorder prevention

A soldier in full combat gear, including a helmet and goggles, is operating a mounted machine gun on a vehicle. The soldier is looking through the sights of the weapon. The machine gun is mounted on a tripod and is pointed towards the right. The background is a clear blue sky. The text "Focus On the Warfighter Contract Administration" is overlaid on the image in a blue, sans-serif font.

Focus On the Warfighter Contract Administration



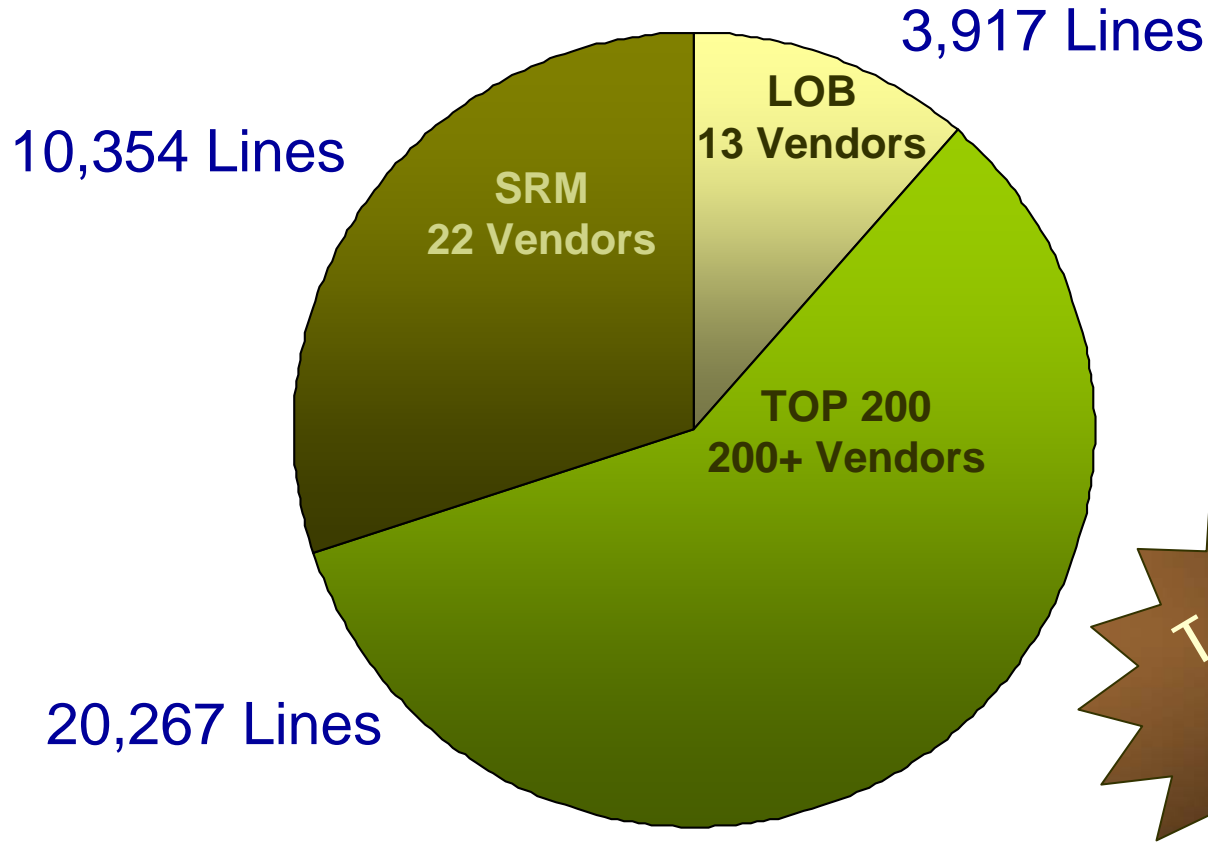
Total Backorders July Post Award Profile



Resolve delinquencies & focus on delivery assurance



Land Backorder Reduction Post-Award Plan



3Q baseline data as of May 2006



Land Backorder Reduction Post Award Plan



Objective:

- Reduce and prevent backorders
- Assure contractor focus aligned with customer needs
- Streamline contractor and government communication
- Impact as many BO items in each age category as possible with given resource constraints

Multi-pronged approach

- Highest backorder NSN focus
- SRM backorder strategy
- Line of balance



Land BO Post Award Reduction Plan



Action plan:

- No cost expedites
- Premium pay as warranted
- Partial deliveries encouraged
- Expedite critical items as consideration for other extensions
- Use DCMA for monitoring/status
- Monthly status requests to vendors with Top 200 orders
- No cancellations/delivery extensions without IST concurrence
- Recommendations for LOB consideration
- Improvements to due-in posture
- Recognition to vendors & associates who achieve significant backorder reductions



**Focus On the Warfighter
FASI Global**



FASI



- Regional contract- 1358 NSNs
- Supports land-based fleets in south, southwest and southeast (10K DoDAACs, 500+ sources)
- Supported hurricanes Katrina and Rita
- Small business...83%!

Stats...	Sales	Orders
FY05	\$51.7M	154.1K
FY06	\$17.6M	52.2K (thru Apr 06)



FASI Operational Synopsis Peacetime



- Validated seamless interface to service 10,000 DoDAACs and over 500 approved sources
- Supported U.S. Army training operations under the Spring 2001 Division Capstone Exercise (DCX) at the National Training Center (NTC)
- Sustainment support for: OEF, OIF, GWOT



Acquisition Strategy



- Estimated contract value per year – \$354M (two year base)
- Contract term – ten years (four, two-year options)
- NSN population – 1980
- Target award date – May 2007



Maximizing SB Participation



- Industry Day/Pre-Solicitation Conference held
- Market Survey- 11 market surveys completed
- Negotiate an aggressive subcontracting plan
- Subcontracting Plan Oversight Team



Small Business Opportunities Under FASI Global



FASI Global subcontracting plan goals will be tied to DSCC goals

<u>DSCC GOALS</u>	FY05 GOALS	FY05 ACTUALS	FY06 GOALS	Current FASI
SMALL BUSINESS	58.2%	61.4%	60.0%	68.9%
HUBZone	3.0%	3.9%	2.5%*	4.5%
SMALL DISADVANTAGED	3.7%	3.9%	4.1%	4.2%
WOMAN OWNED	5.9%	9.8%	6.9%	9.6%
SERVICE DISABLED	3.0%	.40%	.80%*	.94%
8(a) (SDB Subset)	.50%	.64%	.72%	.74%

*Agency assigned goal



FASI Global Website



- Draft solicitation period
 - Sept. 5 to Sept. 19, 2006

- Award
 - May 31, 2007

- Information related to FASI Global

<http://www.dsccl.dla.mil/offices/land/FASIGlobal.html>



Current/Future Initiatives



- HMMWV Recap
- Tire-related support
- Small arms support
- SMSG FY '07 focus areas
- Kitting

Booth #707



Focus On The Warfighter SMSG FY '07 Focus Areas



BSM Execution
HMMWV Recap
SRM Relationships
Tire Support
SMS LTC Goals

SSA Action Plans
FASI Global
New SCAs
Kitting

A photograph of two soldiers in camouflage uniforms and helmets standing on a rooftop. They are holding rifles. The background shows a cityscape with buildings and a clear sky. A semi-transparent yellow box with a grid pattern is overlaid on the center of the image, containing the text "Open Dialogue".

Open Dialogue