



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



Performance Based Logistics (PBL) Panel

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Implementing a Life Cycle Management Framework

USD(ATL)

Memorandum for Secretaries of Military Services

July 31, 2008

- Reinforce Life Cycle Sustainment Metrics
 1. Materiel Availability
 2. Materiel Reliability
 3. Ownership Cost
- Align Resources to Readiness
- Track Performance throughout the Life Cycle
- Implement Performance-Based Life Cycle Product Support Strategies



Life Cycle Management and Product Support

- Requirement: weapon system be supported by a product support manager (PSM) IAW this subsection.
- Responsibilities: The PSM shall:
 - Develop and implement a comprehensive PS strategy
 - Conduct appropriate cost analyses
 - Assure achievement of desired PS outcomes and implementation of appropriate PS arrangements
 - Adjust performance requirements and resource allocations across PSIs and PSPs to optimize implementation of the PS strategy
 - Periodically review PS arrangement between the PSIs and PSPs
 - Revalidate the BCA prior to change in PS strategy or every 5 years, whichever occurs first
- OUSD(AT&L) Action Required: NLT 180 days after enactment of FY 2010 NDAA, SecDef shall issue comprehensive guidance on LCM and the development of PS strategies.

Growth Opportunity for DLA



Product Support Business Model



Typical DLA role.

Warfighter

Inherently Governmental

Performance Based Agreement

Program Manager (PM)

Responsibility/Authority

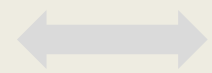
Product Support Manager (PSM)

Accountability

PBA/Partnering Agreement

Product Support Integrators

PSI



PSI Partnership

Integrated Industrial Base: Commercial and Government

Defined Performance Outcomes

Product Support Providers

Depots



DLA



ICPs



OEMs



DPO



Tier X

Parts Providers



Product Support Business Model



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Performance Based Agreement

Program Manager (PM)

Responsibility/Authority

Product Support Manager (PSM)

Accountability

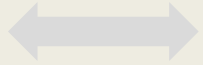
Future DLA role.

PBA/Partnering Agreement

Product Support Integrators

Integrated Industrial Base: Commercial and Government

PSI



PSI Partnership

Defined Performance Outcomes

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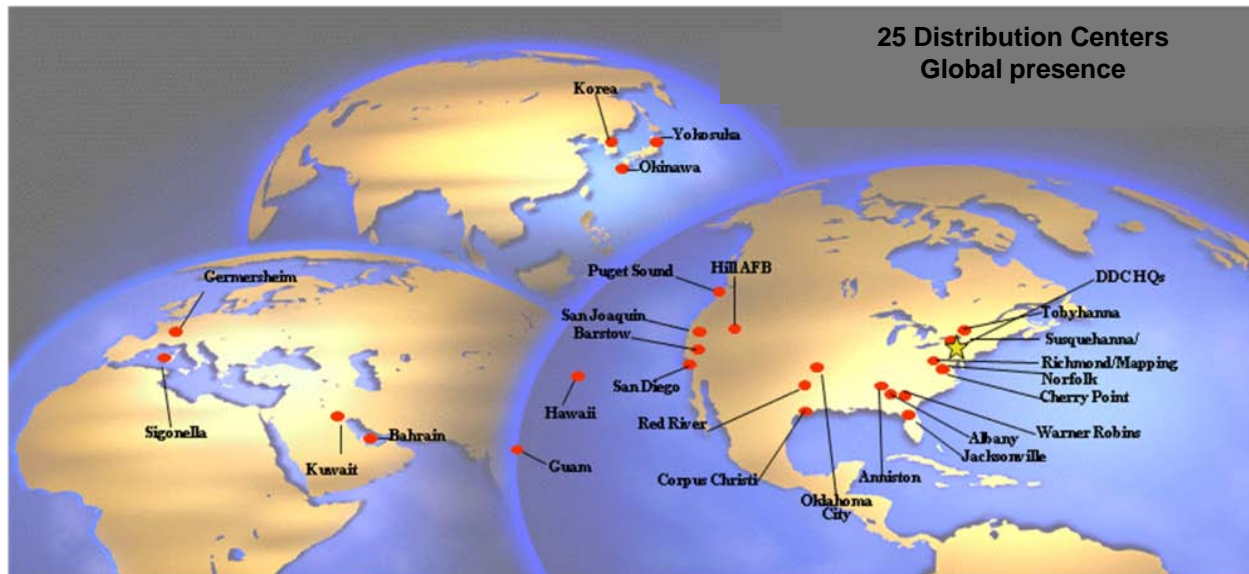
Tier X

Parts Providers



PBL Definition - DLA

A strategy that provides an integrated, measurable package of logistics support, procured and/or provided by DLA; designed to meet our customer's performance outcomes at best value.





Performance Based Logistics

Leveraging the DLA Enterprise

Developing engagement strategy to provide tailored support to customers ...

**World
Wide
Logistics
Network**

**Extensive
Strategic
Supplier
Alliances**

**Responsive
Theater
Support**

**Global
Logistics
Info
Services**

**Total Life
Cycle
Focus**

**Global
Storage and
Distribution
Network**

*... From partnering with industry to serving as the product support integrator
... From single item management to life cycle weapons system support*

DoD Mandate -- use PBL as the preferred product support strategy to improve weapon system readiness and reduce total ownership cost



Performance Based Logistics

INDUSTRY/ORGANIC



Buys Performance As a Package (Including Surge/Flexibility)

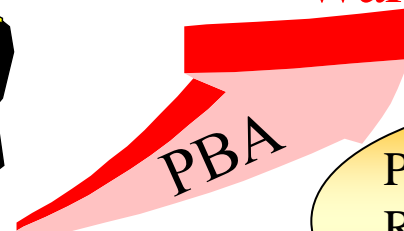
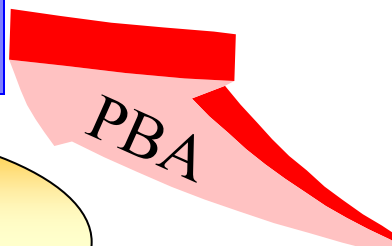


Integrated Support Providers

- DLA Logistics Info. Service
- DLA Supply Centers
- DLA Distribution
- DLA Disposition Services

Weapon System Program Manager

Warfighter Readiness



CWT

MC Rate

Ensure System is Sustained at Optimum Level per PBA

Provide Continuous, Reliable, Affordable Support per PBA

Acquisition

Distribution

Sustainment

Disposal

Visibility into cost/risk decisions across life cycle



Scope of PBL Strategy



- *Scope can range from process to platform level*
- *Most existing PBLs are at sub-system level*
- *The PBL scope can “grow” over time*
- *Look for opportunities to transition to PBL*

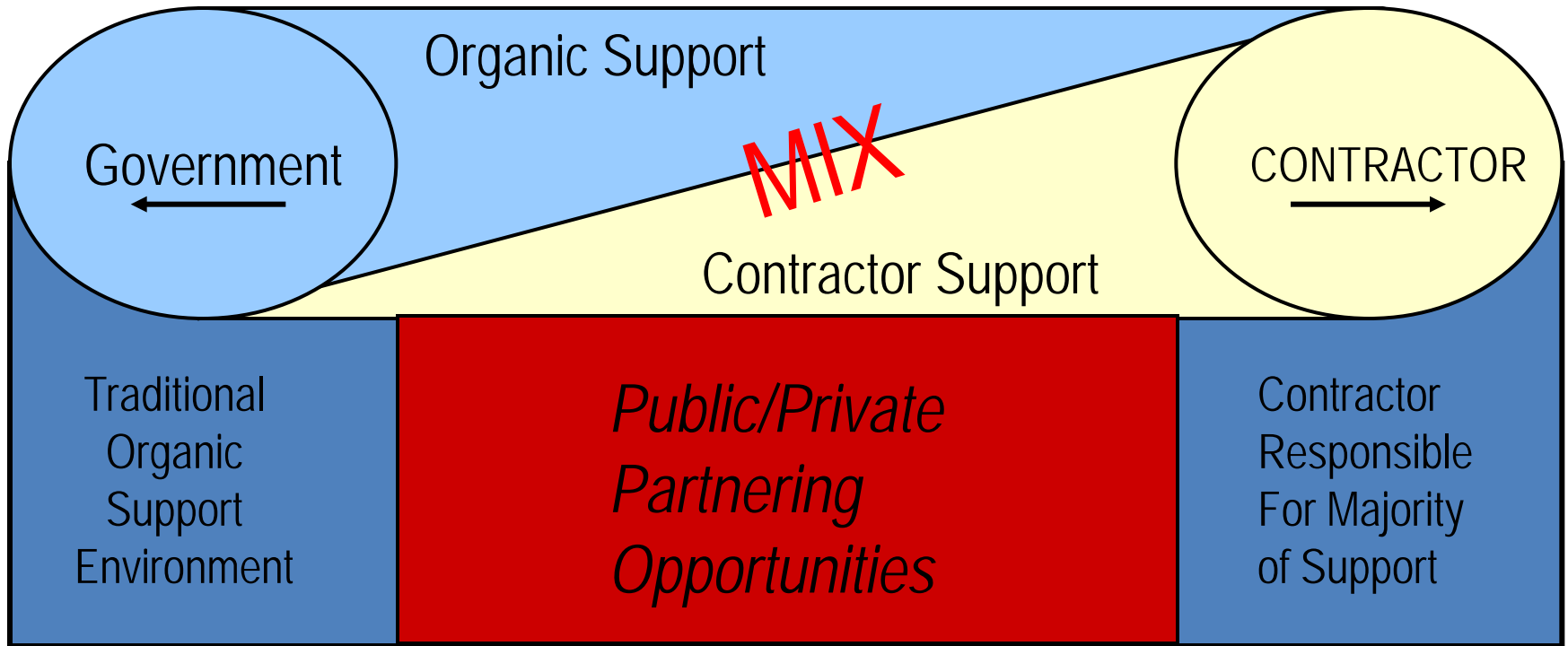
Objective: Shift More Accountability & Responsibility to Commercial Support Providers



DoD Supply Chain & Contract Logistics Support

More Organic

More Commercial



One Size Does Not Fit All



Performance Based Logistics

- **Goal of PBL Strategy**
 - To improve weapons system readiness through the procurement of integrated, affordable, performance support packages
 - Shift from buying spares/repairs/tools to buying a level of availability
- HQ DLA Standing up dedicated PBL Program office
 - Focused on taking a strategic approach to PBLs
 - DLA Director approved creation of PBL Program Office in Apr 2010
 - Office stood up in Aug 2010...Led by CAPT John Spicer

DLA brings world-class support in providing:

- Unique and common consumables and reparable
- World-class contracting support
- Cataloging, disposal, distribution, and management services





Partnering w/DLA

Invite DLA as a member of planning IPT prior to MILESTONE B for new or major reset programs

Include data clauses in your contracts for access to and/or requirement for contractor to provide type I technical data, at no additional cost to government

Include basic FAR clause 52.251-1 to enable DLA to partner with commercial contractors as a product support provider

Programs that transition from full CLS to Organic support without coordination can gravely impact user mission support



HMMWV Integrated Logistics Partnership DLA as an Integrator

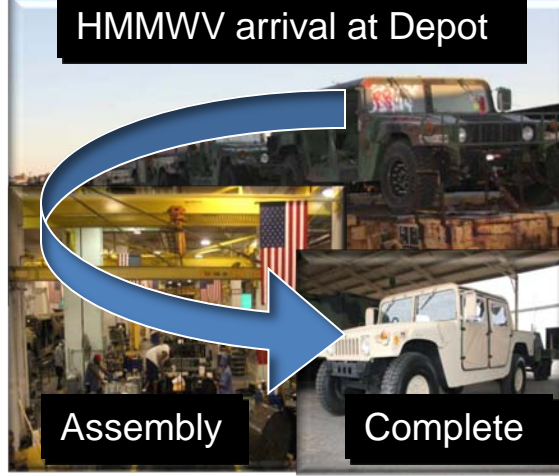
Letterkenny Army Depot

"Customer Pay has shown me the way to the promised land."
- Dr. Gray, Deputy CDR, LEAD



Red River Army Depot

HMMWV arrival at Depot



Maine Military Authority



Army, AMG, DLA
Combined Inventory
Levels
Reduced 76%

Army
Inventory
Levels
Reduced
93%

Cost per Vehicle Savings

LEAD
6.6%

RRAD
8.7%

= 691 more HMMVWS
at No Additional Cost

Stock Availability
Increased to
99.99%

RECAP PM
Inventory
Investment
Reduced
95%



DLA's Future Role in PBLs

DLA...connect product support strategies to the supply chain enterprise to produce the best value across DoD Components

- Reduce Total Ownership Cost
- Reinforce Life Cycle Sustainment
 1. Materiel Availability
 2. Materiel Reliability
 3. Ownership Cost
- Align Resources to Readiness





Questions for the Panel