



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



2010 DLA Enterprise Supplier Conference and Exhibition

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DLA J-33



Agenda

- How Supplier's Apply pRFID Tags
- Impact of RFID Tagging
- Receiving Process Case Study
- Questions



Why AIT for DLA and its Customers

Improve Service

- Increase Velocity
- Perfect Order Fulfillment
- Reliability

Reduce Cost

- Improve Confidence
- Reduce Excess Inventory
- Increased Efficiency
- Streamline Processes

Availability and
Responsiveness

Predictable Supplier
Performance

Identify Bottlenecks

Readiness

Visible Stock Levels

Improve Utilization

Workforce Development

Analyze Supply Chain

Eliminate Waste



How Suppliers Apply pRFID Tags

Defense Federal Acquisition Regulation (DFAR) and pRFID

- Pertinent DFAR Clauses
 - 252.211-7006: Radio Frequency Identification Clause which references 211.275-3
 - 211.275-3: Contract clause which references 211.275-2.
 - 211.275-2: Policy
- Beginning March 1, 2007, the only acceptable tags are EPC Class 1 passive RFID tags that meet the EPCglobal Class 1 Generation 2 specification.
- Class 0 and Class 1 Generation 1 tags will no longer be accepted after February 28, 2007



How Suppliers Apply pRFID Tags

When are Passive RFID tags required?

Passive RFID tags at the case and pallet levels when the following three factors are true:

1. Contract contains passive RFID DFARS clause (DFAR 252.211-7006), specific language requiring RFID tags.
2. Your equipment/commodity falls under the classes of supply required to be tagged as described in the passive RFID DFARS clause.
3. Your equipment/item is being shipped to one of the RFID-enabled/implemented locations listed in the passive DFARS clause or a location specified by the contracting officer in your contract.

The most recent version of the passive RFID DFARS clause is available at
<http://www.acq.osd.mil/dpap/dars/dfars/html/current/252211.htm#252.211-7006>



How Suppliers Apply pRFID Tags

Tagging Options



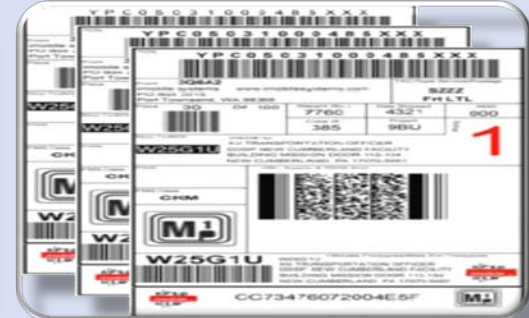
Automated Labeling

- Applicators / RFID encoders can program and apply tags automatically on production lines.



Print and Apply

- Similar to standard printed labels, RFID-enabled printers can print human readable information (barcode, etc) as well as program embedded RFID tags.



Pre-Programmed Labels

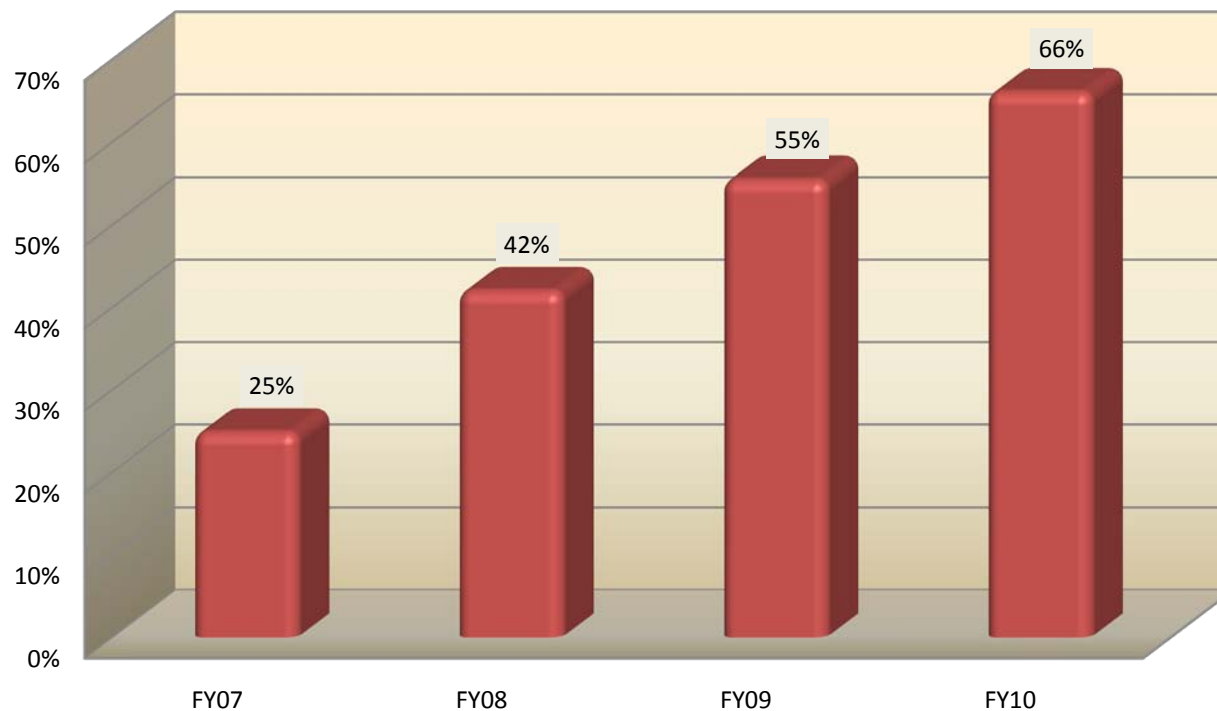
- Tags are printed and programmed to comply with DoD



Impact of pRFID Tagging

Supplier Tagging on the Rise Since FY07

Receipts w/ Advanced Shipment Notice and pRFID Tag
DLA Distribution Centers Susquehanna, PA and San Joaquin, CA



*FY07 data covers the period Mar 2007 - Sept 2007

**FY10 data only runs from Oct 2009 - Jun 2010



Impact of pRFID Tagging

DoD Benefit from pRFID Compliance

With vendor support of tagging, DLA can be more efficient, ultimately providing better support to the warfighter, reducing cost, and improving delivery time.

- Faster and More Accurate receipt processing
 - Faster storage of materiel
 - More accurate demand forecasting
 - Reduced Procurement Lead Time (PLT)
- Improved contract resolution and fact finding
- Enables AIT Process improvements
 - DSS Screen Reduction
 - pRFID Enabled Receiving (PRR)
 - Issue From Receiving (IFR)
 - Clothing and Textile

The customer, supplier, and consumer all benefit from supply chain management and vendor compliance.



Impact of pRFID Tagging

Supplier Benefits

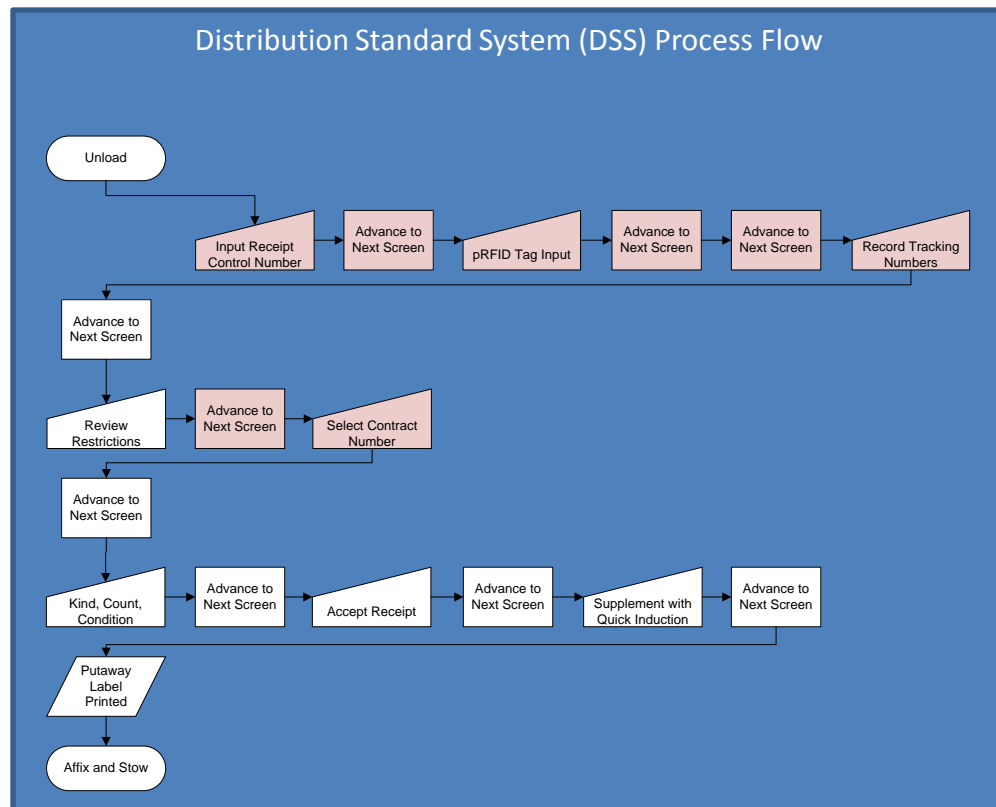
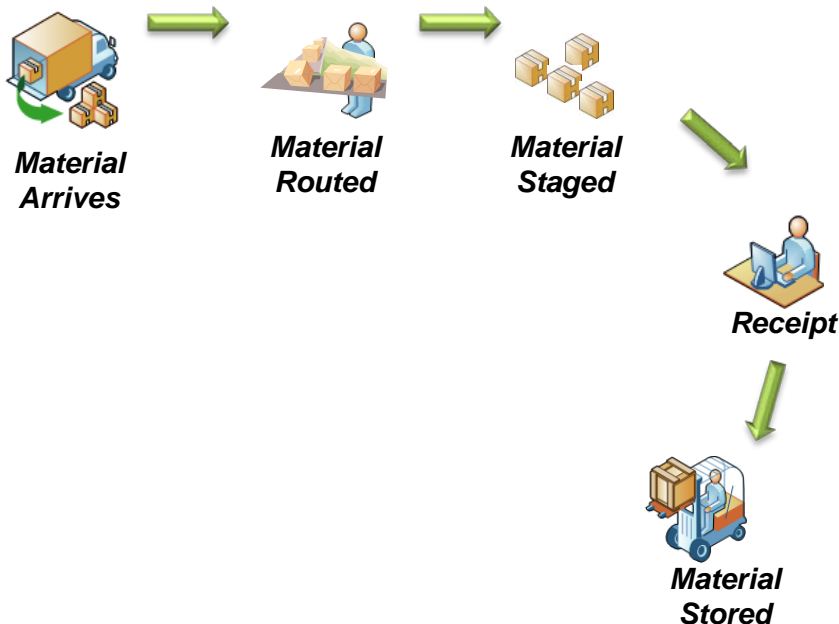
- ✓ Improved planning
- ✓ Faster demand responses
- ✓ Reduced Bull Whip Effect
- ✓ Streamlined business processes
- ✓ Faster receipt of payments for supplied goods
- ✓ Improved efficiency in the recall of defective items
- ✓ Increased ability to ensure that product(s) stocked



Receiving Process Case Study

Pre pRFID Receiving Process

- Many opportunities to introduce errors associated with manual data entry in complicated processes
- The same information was available and entered multiple times
- Limited visibility to what has arrived until it is being stored

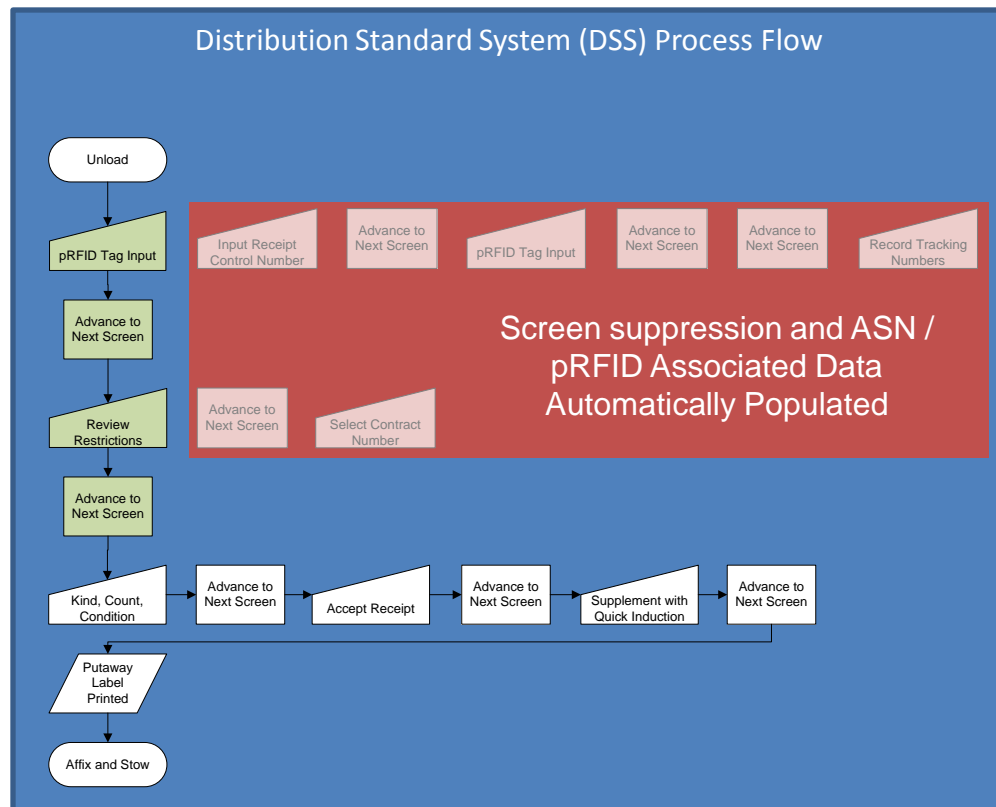
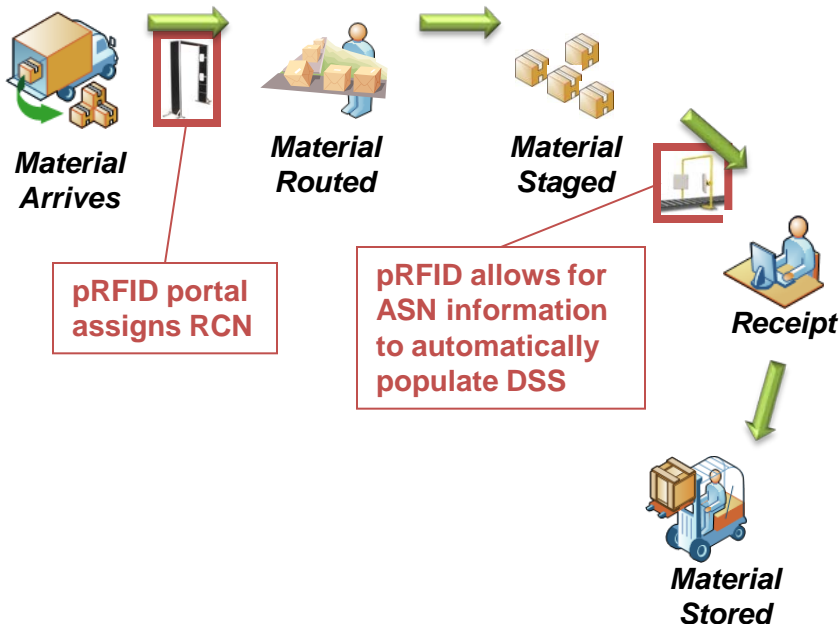




Receiving Process Case Study

Post pRFID Receiving Process

- Currently DLA is focusing pRFID-Enabled Receiving Process (PRR) on Small Parcel New Procurement.
- Other Opportunities Exist with Processing Bulk Receipts, Handling Internal Inventory Transfers, and Expediting Back Orders





Receiving Process Case Study

pRFID-Enabled versus Traditional Receipt

11.7% increase in Receipts per Hour*

62.0% decrease in Receipt Revisions*

82.9% decrease in Receipt Cancellations*

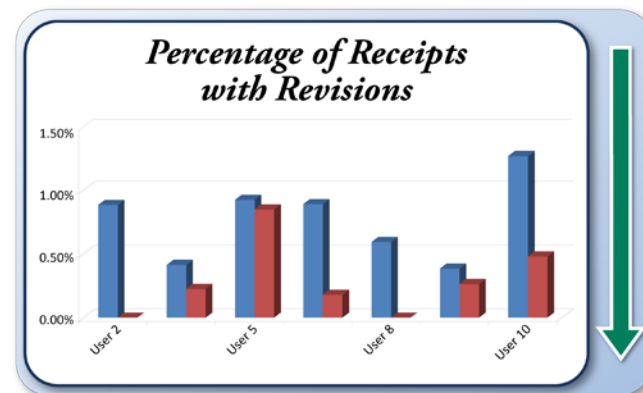
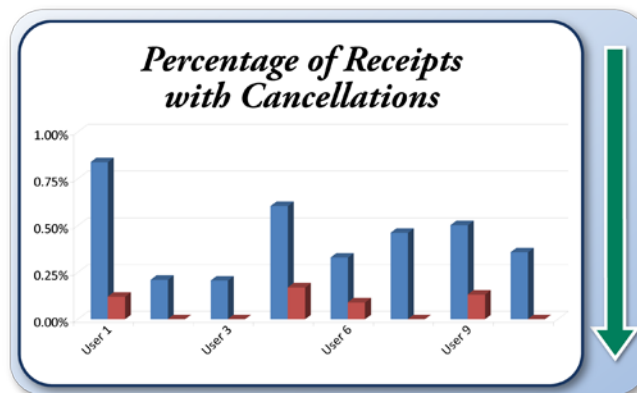
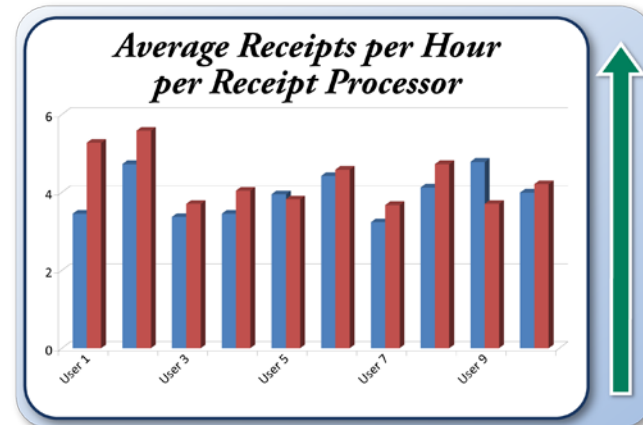
If we applied these results across a DC that receipts 240,000 pieces of new procurement annually

- Productivity is increased by 13,200 receipts
- 1,100 receipt revisions are eliminated
- 830 cancellations are prevented

Next Steps

- Expanding PRR across DLA Distribution Centers

Traditional
PRR



*DLA AIT PRR Center of Excellence Analysis



Resources

Resource	URL
Wide Area Work Flow (WAWF)	https://wawf.eb.mil/
WAWF Training	http://www.wawftraining.com/
DLA WAWF	http://www.dla.mil/j-3/wawf/
RFID in DoD	http://www.acq.osd.mil/log/rfid/index.htm
Supplier's Guide	http://www.acq.osd.mil/log/rfid/r_suppliers_guide.html
epcGlobal	http://www.epcglobalinc.org/standards
MIL Packaging Standards	http://assist.daps.dla.mil



Summary

- More and more suppliers are complying with DFARS and pRFID tagging each year allowing today's military to enhance visibility to materiel
- Resources are available to help supplier's understand how and when to apply pRFID tags, and pRFID benefits extend beyond the Department of Defense to Suppliers as well
- Leveraging lessons learned and leveraging supplier tagging efforts, DLA is providing the next wave of AIT-enabled distribution capabilities
- One example of the benefits of pRFID tagging is pRFID-Enabled Receiving (PRR) which is currently being deployed across DLA distribution centers
 - **PRR leverages Advanced Shipment Notices (ASN), vendor-applied passive RFID (pRFID) tags and DSS changes to increase efficiencies and productivity in the new procurement small parcel receipt process.**

By improving velocity and reliability, DLA will help make the defense supply chain a more effective weapon for use by the warfighter



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BACKUP SLIDES



Globally Responsive Forward Support

- DLA QUICK FACTS

- Manages eight supply chains and nearly five million items.
- Employs about 26,000 civilians and military employees.
- Processes 10,000 contract actions and 133,000 requisitions a day.
- Manages 25 distribution depots worldwide.
- Has the third largest storage capacity of the top 50 distribution warehouses (behind FedEx and UPS).
- Fiscal Year 2009 Foreign Military Sales of about \$1.5 billion, supporting 118 countries.
- Fiscal Year 2009 revenues of nearly \$38 billion would put DLA in the top 60 of the Fortune 500 list, ahead of companies like American Express, DuPont and Coca Cola.



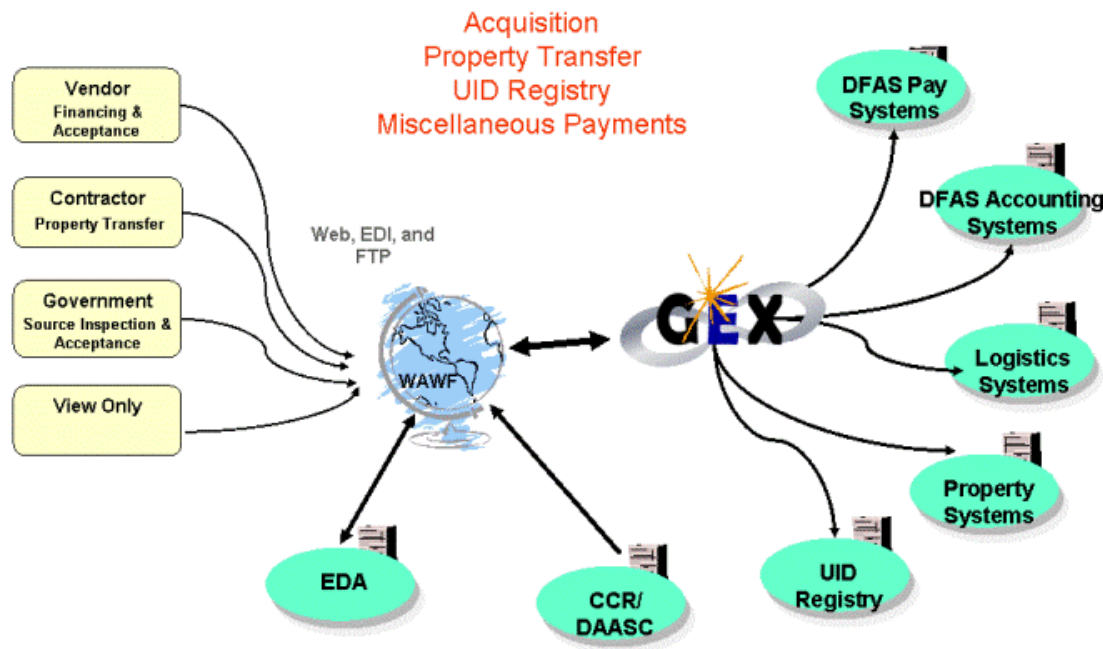
Supplier Tagging on the Rise Since FY07

DDSP + DDJC				
	FY07*	FY08	FY09	FY10**
NP Receipts	448012	760785	764302	583023
w/ASN	182494	432370	510435	478088
w/ASN+Tag	111253	319517	423841	385172
% w/ASN	41%	57%	67%	82%
% w/ASN+Tag	25%	42%	55%	66%
*FY07 data covers the period Mar 2007 - Sept 2007				
**FY10 data only runs from Oct 2009 - Jun 2010				



Wide Area Work Flow

Wide Area Workflow (WAWF)



- Secure Web-based system for electronic invoicing, receipt and acceptance
- WAWF creates a virtual folder to combine the three documents required to pay a Vendor
 - Contract
 - Invoice
 - Receiving Report.
- Supports paperless acquisition process.
- Public Key Infrastructure (PKI) digital signature security

Streamlines the process from Weeks to Days or Minutes.