

ARMY MATERIEL COMMAND



Balancing Sustainment and Transformation

7 February 2010



GEN Ann E. Dunwoody

Sustaining the Strength of the Nation!

Version 9



What I Want To Leave You With

- ✓ Thanks for your support . . . and what you do every day!
- ✓ Our #1 Priority = the Warfighter
- ✓ Complexity:
 - What we do
 - Where we do it (Operating Environment)
 - How we do it
- ✓ Fundamentally Different Way of Doing Business



TWVs in the News . . .

U.S. Army Cuts Buys Of Wheeled Vehicles 15 Percent

- ✓ No New HMMWVs Past This Year
- ✓ Fewer JLTVs
- ✓ 7 Percent MRAP Reduction

Budget Limits Efforts to Add, Upgrade Vehicles

Obama Warns More DoD Cuts May Be Needed

Steep Cost of Military Vehicles Outlined in Army Report

Marines Eye Ground Vehicles, Budget In Mind

Gates Says Budget Impasse Threatens Readiness

Complexity of What We Do Every Day



Munitions Support



Arsenal/Depot Operations



Chem Demil



Foreign Military Sales



Forward Presence
CONUS Reach Back



Army's Division Support Command



Global Contracting



Research, Dev and Engineering



Global Distribution and Deployment



Army Pre-Positioned Stocks (APS)



LOGCAP

- Over 70,300 Military & Civilian Employees Worldwide
- Obligated approx \$92B in Contracts FY10
- \$49B Budget FY10
- Impacts in -
 - 50 States
 - 155 Countries
- 86 Bn/Bde Commands



Dealing with Unknown Challenges



BORDER DELAYS



WEATHER



ATTACKS



THEFT & PILFERAGE

POLITICAL UNREST
 EXPANDING MILITANCY
 HOST GOVERNMENT RULE
 UNCERTAINTY
 ECONOMIC ISSUES
 VISIBILITY ISSUES



LABOR ISSUES



ROAD CONDITIONS

My Logisticians are a humorless lot...they know if my campaign fails, they are the first ones I will slay. - Alexander the Great



Along With Complex Contingency Operations



RAPID PORT OPENING



LOGISTIC SUPPORT



EMERGENCY RATIONS



WATER PURIFICATION

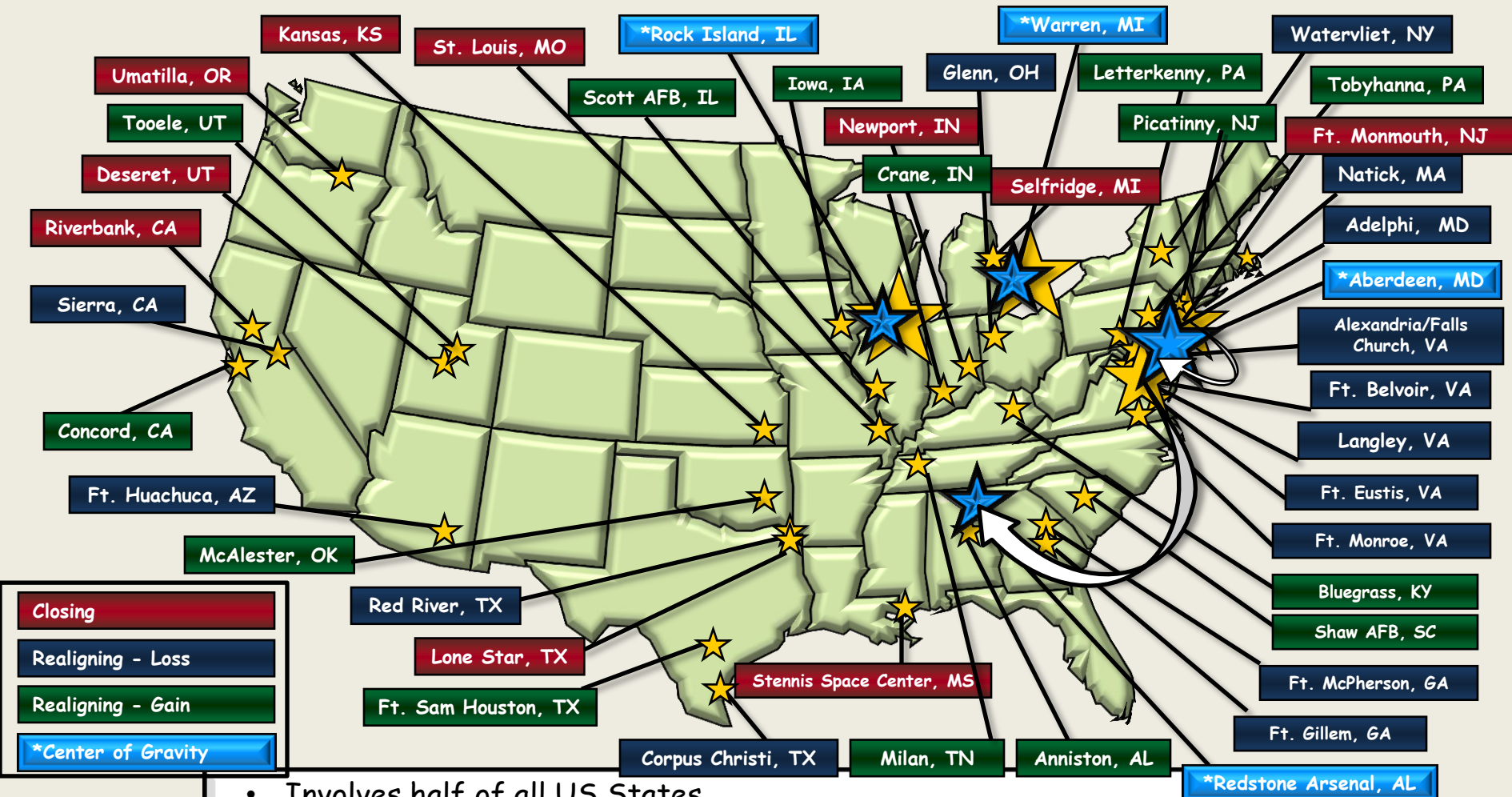
HUMANITARIAN ASSISTANCE
CIVIL UNREST
DISASTER RESPONSE
HURRICANES
EARTHQUAKES
FLOODS



MORTUARY AFFAIRS



. . . And Then There's BRAC



- Involves half of all US States
- One out of every six AMC employees affected (approximately 11,000)
- More moves and more people affected than any other Army organization
- Approximately half of all moves completed by October 2010



Fundamentally Different Way of Doing Business



Implementing Innovative Ideas



Changing to Meet Mission Requirements



**Evolving
the Fleet
Over Time**



**Working Together to
Adapt to New Threats**





MRAP Variants

63 Models
25,793 MRAPs
\$ 45B

FPII Buffalo



OP
ASH
A1



FPII Cougar



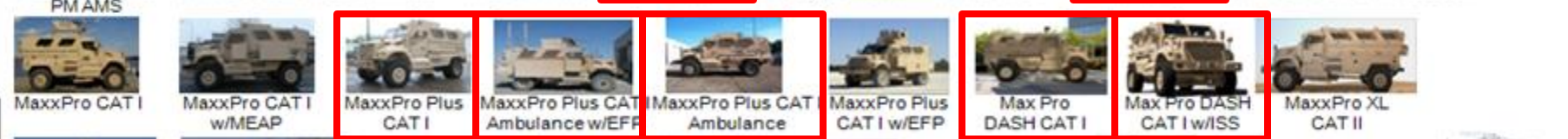
BAE RG-33



GDLS-C RG-31



Navistar MaxxPro



BAE-TVS CAIMAN



FMS Cases



= Currently Fielded in OEF

Managing Materiel for the Army

Lead Materiel Integrator develops materiel sourcing solutions IAW Army priorities to support integrated demand signals

AMC-Lead Materiel Integrator

Readiness Enterprise

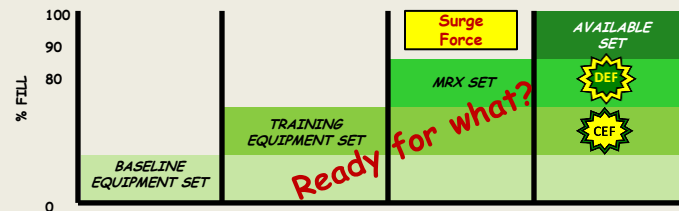
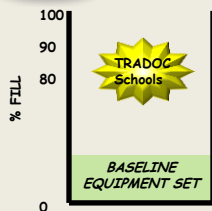
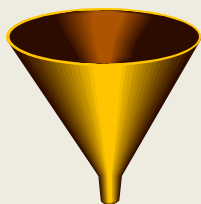
Demand Signal Integrator



- Priorities
- Policy
- Resources
- Programs
- Strategy



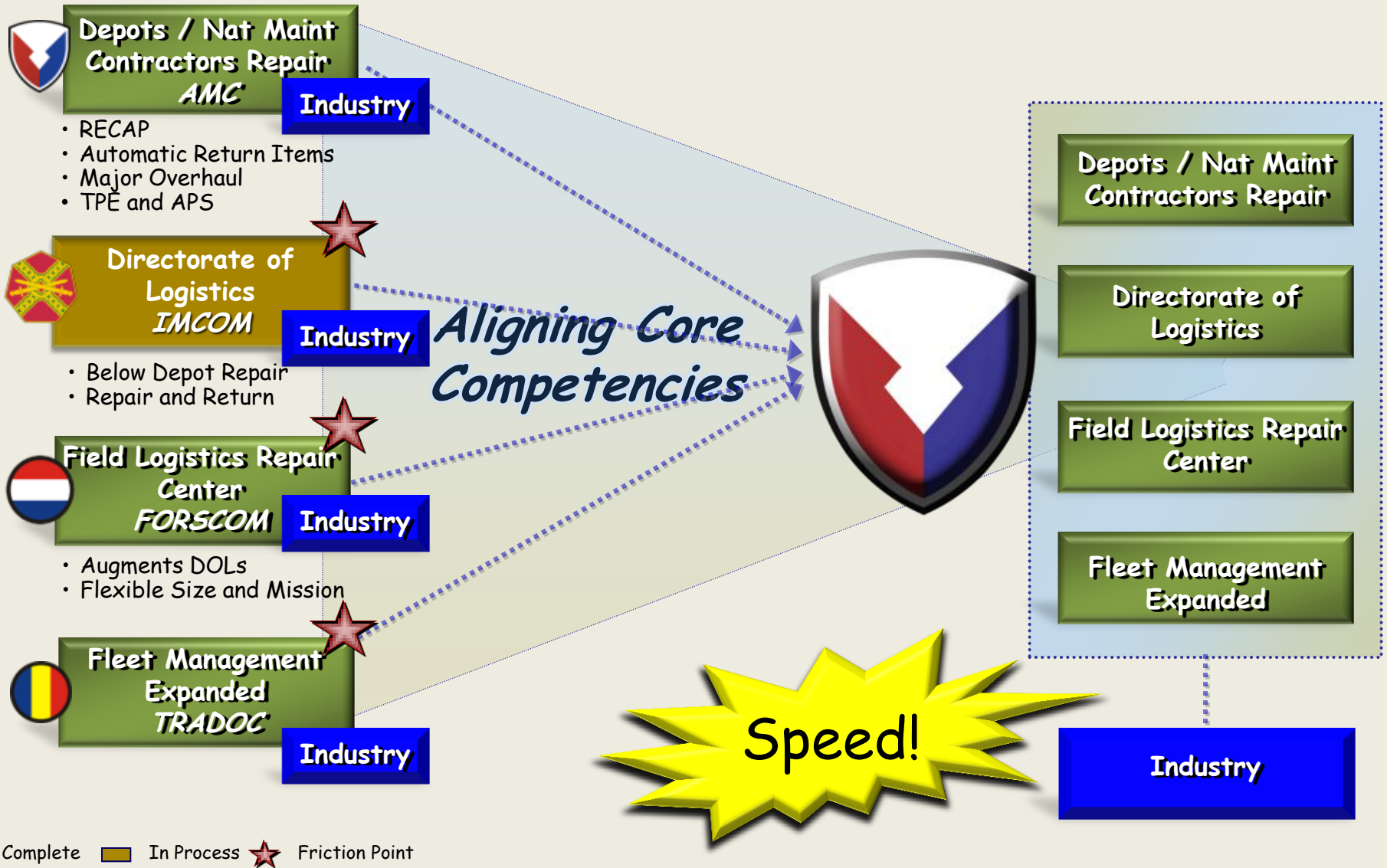
Demand Signal



Ready for what?



Managing the Sources of Repair





DOL Transformation

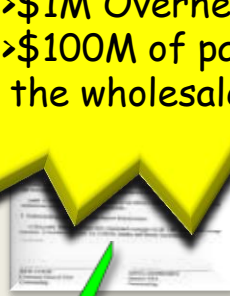
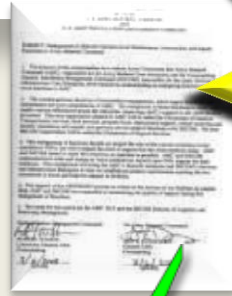
EAGLE CONTRACT STRATEGY

- 77 DOLs- Over 350 Contracts Valued at \$900M Annually**
- ✓ 7100+ Army Civilians and Military
 - ✓ ~ 15K Contractors
 - ✓ \$ Savings Potential:
 - Contract Management
 - Fewer Contracts
 - Contract Management Fees
 - Standardize SOWs

- ✓ AMC Single Logistic Integrator
- ✓ Efficient ARFORGEN Support
- ✓ One Source of Repair
- ✓ Right Size the Industrial Base
- ✓ Eliminate Redundancy



- ✓ 59 of 77 DOLs OPCON'd
- ✓ 5 FLRCs Eliminated
- ✓ >\$1M Overhead Savings
- ✓ >\$100M of parts returned to the wholesale system

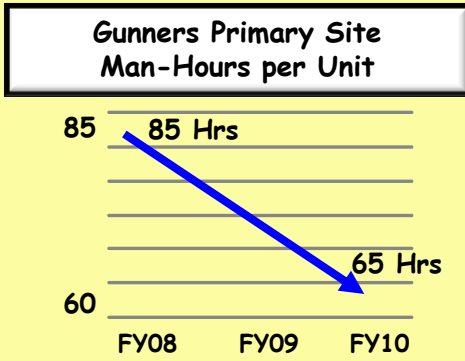


<p>✓</p> <p>MFR; OPCON Of ME DOL Functions (23 JAN 2007)</p>	<p>✓</p> <p>OPCON MOA: 31 CONUS Installations (18 MAR 2008)</p>	<p>✓</p> <p>MOU: Realign DOLs to ME Competencies (6 MAR 2009)</p>	<p>✓</p> <p>OPCON: CONUS DOLs to AMC (1 Oct 2010)</p>	<p>✓</p> <p>OPCON: USAREUR DOLs (1 Apr 2011) Korea DOLs (1 Jan 2011)</p>	<p>✓</p> <p>End State Transfer of funds POM 13-17 (Goal)</p>
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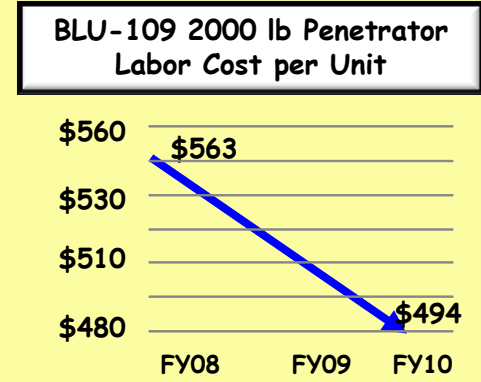


Enabling Efficiencies

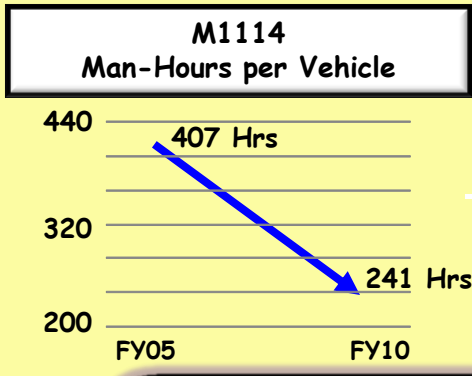
Anniston Army Depot



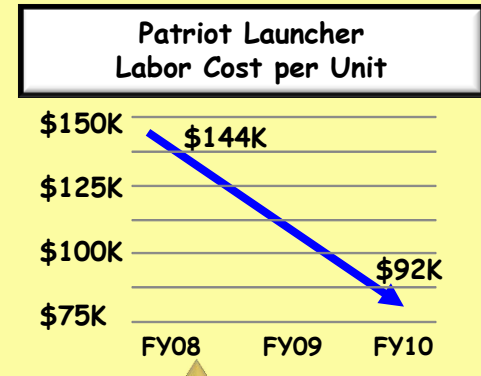
McAlester Army Ammunition Plant



Red River Army Depot



Letterkenny Army Depot



**42 ISO
Certifications
across AMC**

- 10 LSS Excellence Awards
- 7 Value Engineering (VE) Awards
- 1 Malcolm Baldrige Quality Award
- 26 Shingo Medallions

LSS Benefits
 FY10 \$402M
 FY09 \$250M
 FY08 \$310M

VE Benefits
 FY10 \$2.1B
 FY09 \$860M
 FY08 \$749M

Total Benefits = \$4.7B!

Foreign Military Sales Opportunities



2007 **\$9.0B**
3897 Cases

FMS Portfolio by Region

2010 **\$14.6B**
4657 Cases

Security Assistance Training
Countries: 15
Personnel: 199



COUNTRIES: 54
CASES: 1423
VALUE: \$13B

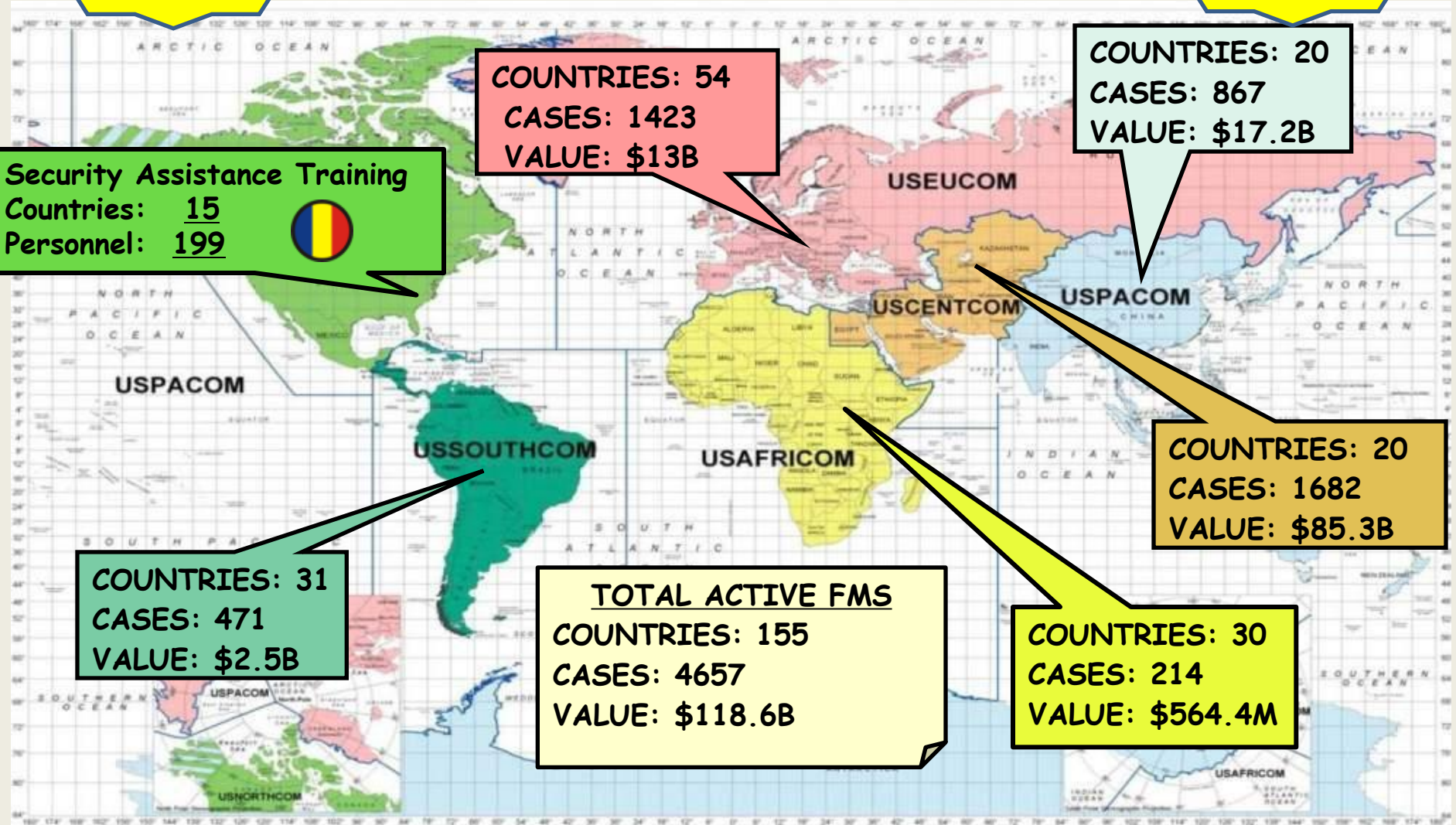
COUNTRIES: 20
CASES: 867
VALUE: \$17.2B

COUNTRIES: 20
CASES: 1682
VALUE: \$85.3B

COUNTRIES: 31
CASES: 471
VALUE: \$2.5B

TOTAL ACTIVE FMS
COUNTRIES: 155
CASES: 4657
VALUE: \$118.6B

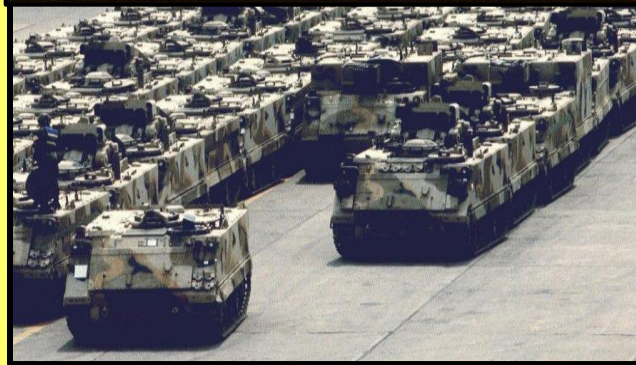
COUNTRIES: 30
CASES: 214
VALUE: \$564.4M





Example of FMS Partnering

- ✓ Growth Industry - Opportunity
- ✓ Increased Partner Capacity - Countries Get More "Bang for Their Buck"
- ✓ Reinvestment into Industrial Base - Organic & Commercial
- ✓ Extended Requirements for Parts - OEM & Second Sources



M113 Example:

• Refurbishment Program in Alabama:

- ANAD M113FOVs: **\$46M** parts/labor
- BAE Systems M113A2s: **(\$35M** parts/labor)

• Potential Future FMS Programs:

- **Over 6,000** EDA M113FOVs have allocated to other FMS customers
- Future Maintenance Programs for Past FMS Sales

Not Business As Usual



- ✓ Institutionalize ARFORGEN Based Rotational Model
- ✓ Eliminate Redundancies
- ✓ Incentivize Efficiencies
- ✓ Enterprise as a Mindset

- ✓ Invest in the Most Value
- ✓ Balanced Force
- ✓ Maintain the Combat Edge
- ✓ Cost informed Requirements Process

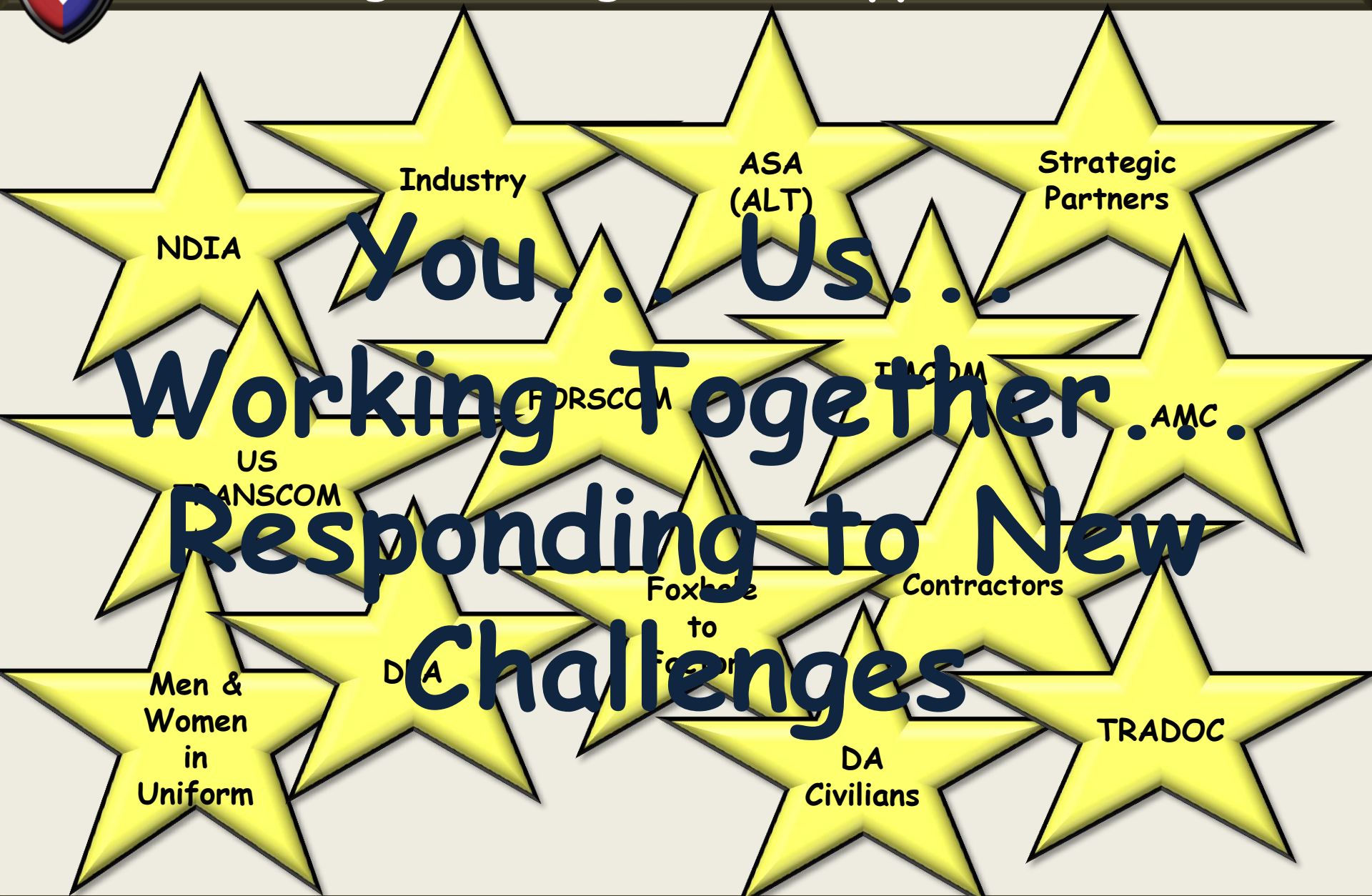
Working Together

Challenges and Opportunities

- ✓ **Conditions Based Maintenance**
- ✓ **Common Parts**
- ✓ **Fuel Efficiency**
- ✓ **Power and Mobility**
- ✓ **Integrated Armor**
- ✓ **Vehicle Recovery**
- ✓ **Autonomous Capabilities**
- ✓ **Embedded Training & Simulators**
- ✓ **Core/50-50**



Turning Challenges into Opportunities



You... Us...

Working Together

Responding to New

Challenges

NDIA

Industry

ASA (ALT)

Strategic Partners

US
TRANS COM

FORSCOM

TACDM

AMC

Foxhole

Contractors

Men &
Women
in
Uniform

DIA

to
Foreign

DA
Civilians

TRADOC

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Your thoughts, ideas,
suggestions, questions?

