



DEFENSE LOGISTICS AGENCY

Ms Nancy Heimbaugh
Director DLA Acquisition



America's Combat Support Agency

- ***World-wide presence***
- ***Direct support to Combatant Commands & Services***
- ***2000 weapons systems across 8 supply chains...with DWCF \$***
- ***\$46B in sales in 2011... (\$40B in mat'l, \$6B in ops)***

- ***But, "...not your Father's DLA..."***
 - ***Retail inventory support at Service Industrial activities***
 - ***Procuring Service managed Depot Level Repairables***
 - ***Operational & Tactical Class I and Class III Supply & Distribution***
 - ***Navy Warehouse Transfer***



Situational Environment

- *New Defense Strategy*
- *Continued Resource Pressure*
- *Implications to the “Log Nation”*
 - *Dispersed ops, inhospitable environments*
 - *Uncertain transportation networks*
 - *Reliance on commercial supply chains*
 - *Reliance on “uncertain” partners*
 - *Unsecured lines of communication*
 - *Persistent cyber attacks*



Program Budget Review 14

Significantly improved performance to the Warfighter while dramatically reducing cost

	FY14	FY15	FY16	FY17	FY18	TOTALS
OSD-C Guidance (DLA Supply Chain Only)	1%	2%	3%	4%	4%	
PB 13 Efficiencies						
Operating Cost (\$ Millions)	\$120	\$145	\$171	\$199	\$199	\$800
Materiel Cost (\$ Millions)	<u>\$416</u>	<u>\$629</u>	<u>\$850</u>	<u>\$735</u>	<u>\$735</u>	<u>\$3,400</u>
TOTAL	\$536	\$774	\$1,021	\$934	\$934	\$4,200
Additional Efficiencies (DLA Supply Chain & Energy)	1%	2%	3%	4%	6%	
PBR 14 Reductions						
Operating (\$ Millions)	\$66	\$134	\$202	\$268	\$406	\$1076
Materiel (\$ Millions)	<u>\$320</u>	<u>\$622</u>	<u>\$933</u>	<u>\$1254</u>	<u>\$1900</u>	<u>\$5029</u>
TOTAL	\$386	\$756	\$1135	\$1522	\$2306	\$6105
Total Savings (\$ Billions)	\$.9B	\$1.5B	\$2.2B	\$2.5B	\$3.2	\$10.3B
DLA Reducing Total Costs (10% in 5 Years)	2%	4%	6%	8%	10%	
	FY14	FY15	FY16	FY17	FY18	



Strategy To Get There “BIG IDEAS”

- ***Culture of Judiciousness***
- ***Strategic Network Optimization***
 - ***Less and harder working inventory, less infrastructure***
- ***Acquisition***
 - ***Prime Vendor, Reverse Auction, EMALL, Long Term Contracts, Shorten Production Lead Times***
- ***BRAC “Day 3”***
 - ***Improve effectiveness and efficiency at DLA industrial sites***
 - ***Single National Inventory***
- ***Fuel strategy...\$20B in savings...Big \$\$...Big Opportunity***
- ***Audit readiness – drive out waste***
- ***Excellence in inventory management***



“BIG IDEAS”

Strategy -Acquisition

- ***Maximize***
 - ***Long Term Contracts***
 - ***Tailored Logistics Support***
 - ***Performance Based Logistics***
 - ***Automated Buys***
- ***Minimize manual buys***
- ***Improve Small Business Focus***
- ***Maximum use of Reverse Auctions as pricing tool***

The logo for the Defense Logistics Agency's 50th anniversary is centered in the background. It features a bald eagle with wings spread, perched atop a shield with vertical stripes. Above the eagle is a banner with the word "LOGISTICS" and five stars. The shield is flanked by banners with "DEFENSE" on the left and "AGENCY" on the right. Below the shield are the large, stylized numbers "50". At the bottom, a ribbon contains the text "FIFTY YEARS OF COMBAT LOGISTICS SUPPORT AGENCY EXCELLENCE".

Defense Logistics Agency

America's Combat Logistics Support Agency

www.dla.mil

www.facebook.com/dla.mil