

DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY

DLA Land and Maritime

The logo of the Defense Logistics Agency (DLA) is centered in the background. It features a bald eagle with wings spread, perched atop a shield with vertical red and white stripes. The shield is set against a blue globe with white grid lines. A yellow banner arches over the eagle with the word "LOGISTICS" in black. Two vertical yellow banners on either side of the eagle contain the words "DEFENSE" and "AGENCY" respectively. The entire logo is semi-transparent.

Performance-Based Logistics

31 August 2016



Topics



PBL Basics

Current PBLs – Some Examples

Planned PBLs & Way Forward

Q&A with Panel



Panel Members



Land Aberdeen
Mr. Doug Nevins



Strategic Acquisition
Mr. Steve Rodocker



Land Customer Ops
Mr. Gene Williams



Maritime Mechanicsburg
Mr. Brian Watkins



Land Warren
Mr. Vito Zuccaro



PBL Basics

Better Buying Power



- **BBP 1.0 (2010)** – Utilize fixed-price performance-based contracts when requirements are firm and can be measured, with payments tied to performance.
- **BBP 2.0 (2012)** – Increase effective use of PBL: There is sufficient data on the effectiveness of PBL at reducing cost and improving support performance to conclude that if it is effectively implemented and managed, PBL yields significant benefits.
- **BBP 3.0 (2015)** - Ensure effective use of PBL: When properly established and executed, PBL is an effective way to balance cost and performance regardless of whether industry or the Government is providing the logistics service.

A Consistent Message...Use PBL Solutions



PBL Basics

Some Key Points



- **Buys “Performance Outcome” vs. “Transactional Support”**
 - *Performance Outcomes are Desired Results, e.g. Material Availability*
 - *Traditional Transactional Support Pays for Individual Item Repairs*
- **Strategy that Makes Cost Predictable**
Typically Firm-Fixed-Price Contracts
- **Industry & DoD Studies Estimate 10% to 20% Savings Possible**
- **Aligns Industry Profit Incentive with DoD Support Requirements**
- **Better Material Reliability and Availability – Optimizes Readiness**

PBL Tenets

- Warfighter-Relevant Outcomes
- Metrics Tied to Outcomes
- Incentives Tied to Outcomes
- Firm-Fixed-Price Contracts
- Sufficient Contract Length

From DOD PBL Guidebook



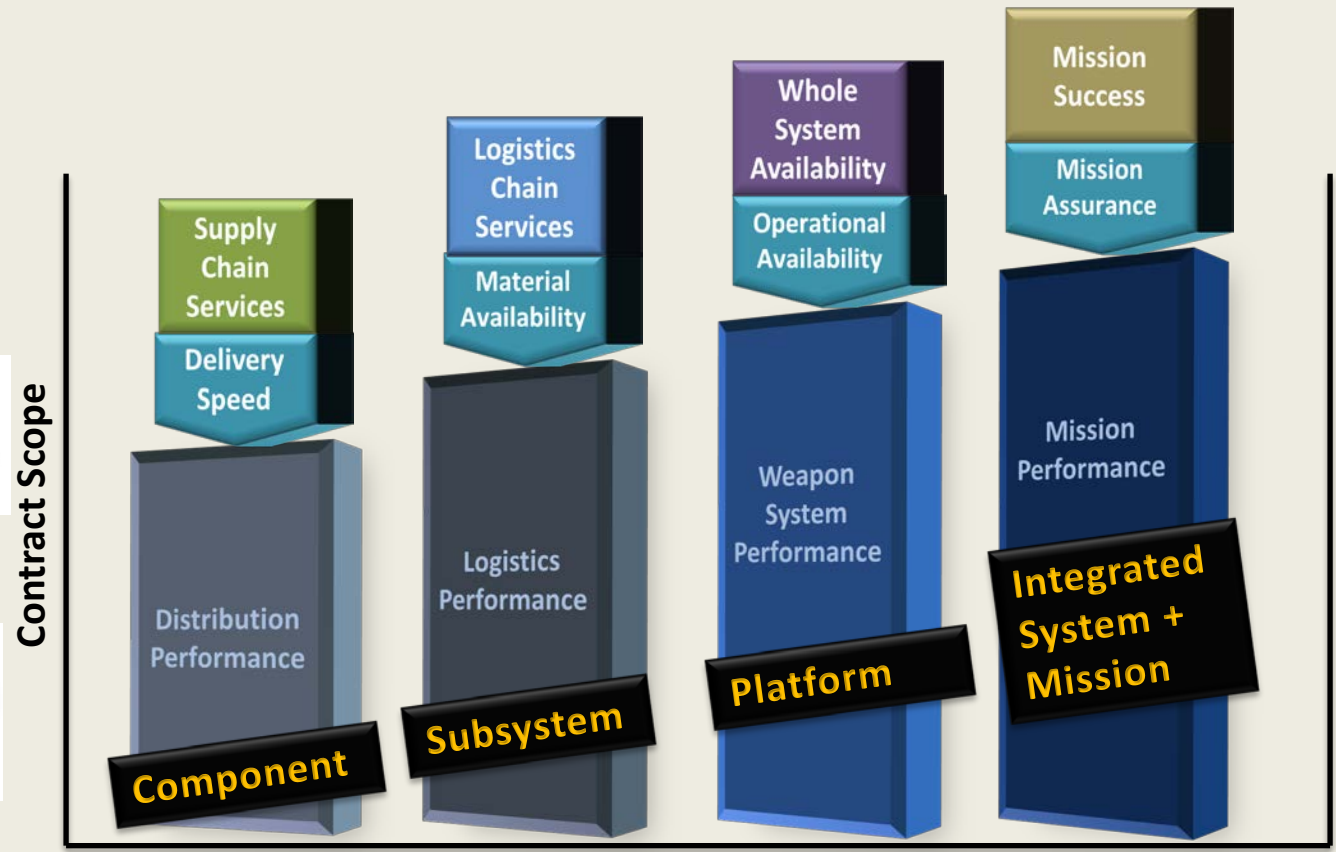


PBL Basics

PBL Maturity Model



4 Stages of Maturity



Stage 1

Stage 2

Stage 3

Stage 4



PBL Basics

DoD Product Support Business Model



Inherently Governmental

Warfighter

Product Support Arrangement (PSA)

Accountability

Program Manager

Responsibility

Product Support Manager

PSA

Product Support Integrators (PSI)

PSI

PSI

PSI

PSA

Product Support Providers

Depots

DLA

ICPs

OEMs

DPO

Tier X

Requirements

Performance

Data & Metrics

Governs life-cycle product support using data driven analysis

Aligns sustainment capabilities and executes product support

Integrated Industrial Base: Commercial and Government

ICP – Inventory Control Point

OEM – Original Equipment Manufacturer

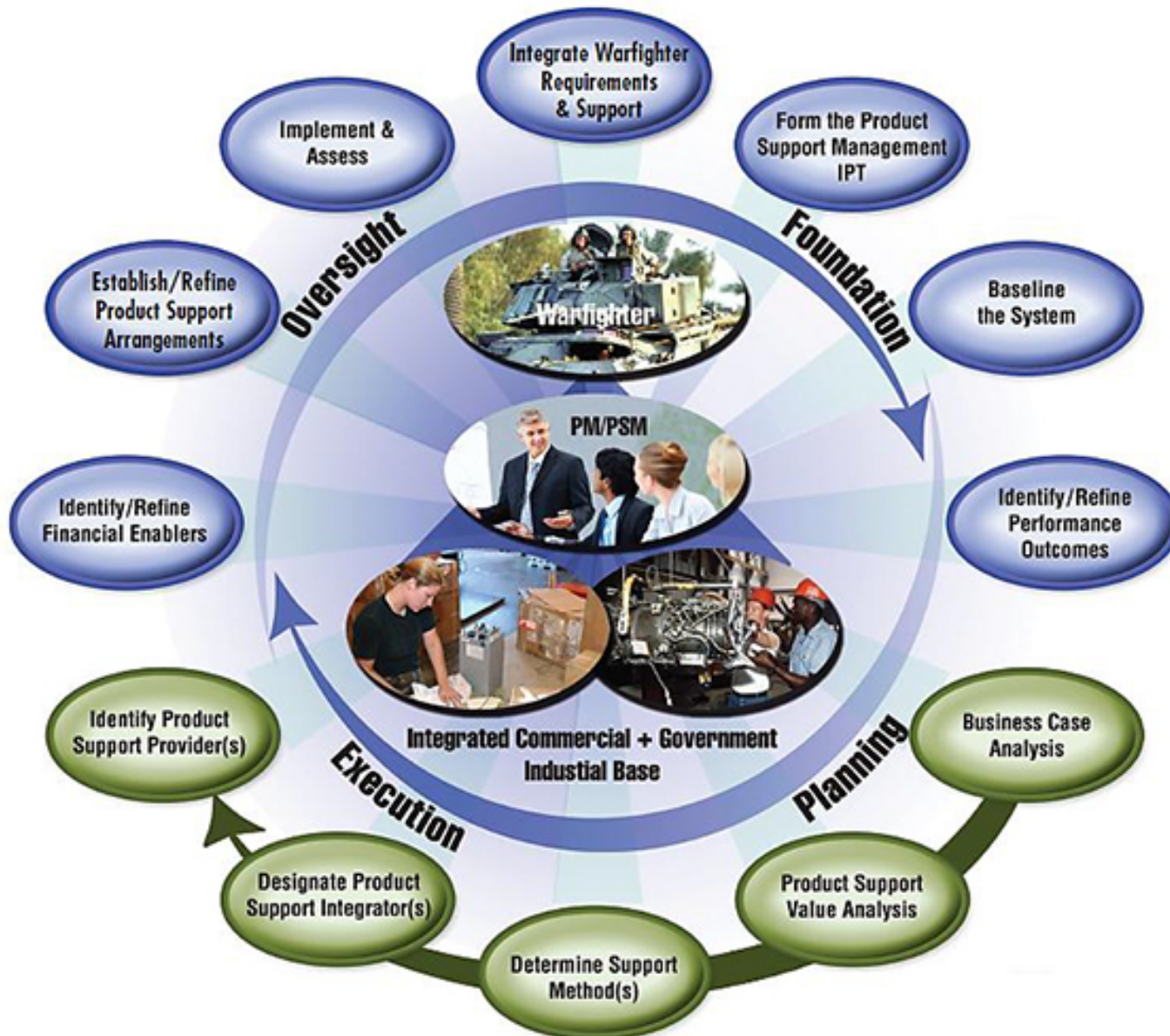
DPO – Distribution Process Owner

Tier X – Represents all other possible Supply Chain Providers



PBL Basics

12-Step Approach to PBL





Current PBLs Tires



Tire Successor Initiative (TSI)

- 95% OTD Requirement
- Leverages DLA Buying Power with Tire Suppliers
- Commercial Transportation (exception for OCONUS Forward Stocking)
- Integrator Management Systems
- Integrator Performs Demand Planning
- Contract Expiration - Sep 2018



Global Tires PBL

- 95% OTD Requirement
- Leverages DLA Buying Power with Tire Suppliers
- Defense Transportation System (DTS)
- DLA Management Systems (DSS/EBS)
- Tire Manufacturers Perform Demand Planning for Sole Source Tires; DLA Plans for the Competitive Items
- Estimated Award Date – March 2018

Commodity-Based Example



Current PBLs

Integrated Platform Support



Contract Overview

- 4-Year Base w/1-Year Option
- Provides for Improved:
 - *Obsolescence Management*
 - *Maintain viable Supply Chain for Critical Parts*
 - *PLT Reduction*
- Rapid Growth Plan Targeting “At Risk” Items
- Improved Vendor Dialogue
- Contract Signed 6 Aug 2016



Platform-Based Example



Current PBLs





Integrated Product Support Vendor

Moderator: Gene Williams



Provide Parts Support to Production Line Artisan at 95% Bin Fill Rate



	Red River Army Depot	Awarded Jul 16
	Anniston Army Depot	Est Award Date Aug 16
	Letterkenny Army Depot	Est Award Date Jan 17
	Tobyhanna Army Depot	Est Award Date Dec 16

Public-Private Partnership Example



Planned PBLs

Rockwell Collins



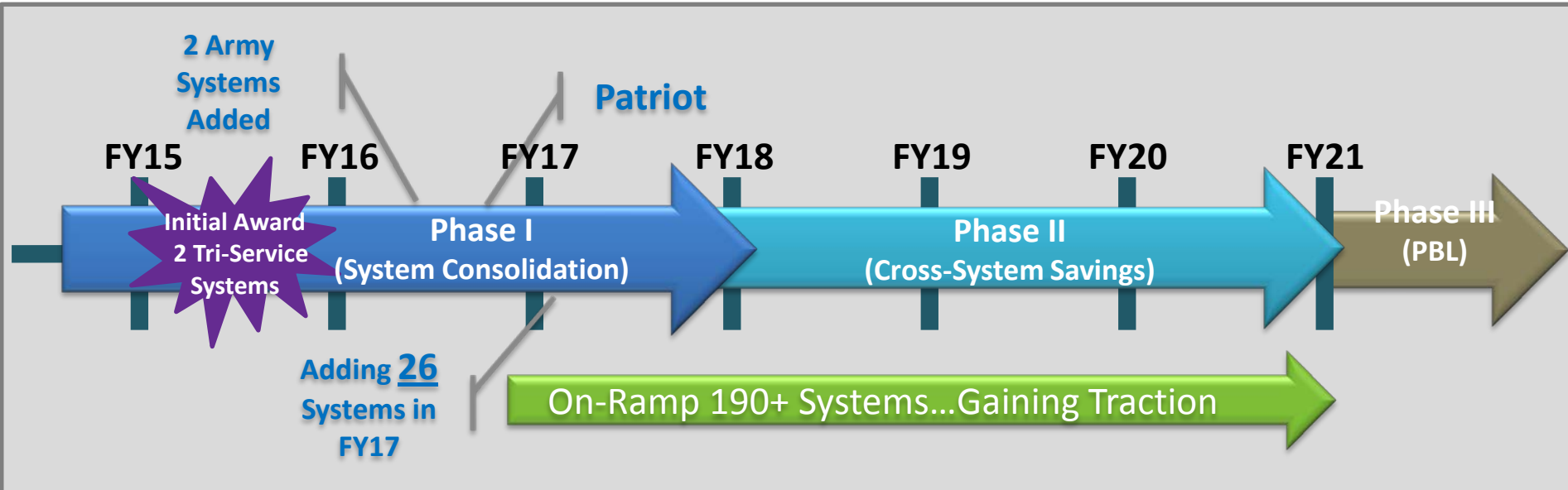
- **Desired Outcome**
 - *Reduce Mean Time to Repair*
 - *Reduce Waiting for Parts*
- **Major Tenets**
 - *Long Term Contract – 5 to 10 Years*
 - *Include Engineering Support/Obsolescence Management/Reporting*
 - *Capitalize on Supplier's Expertise to Anticipate Repair Requirements*
 - *Tailorable, Repeatable, and Measurable*
- **Next Steps**
 - *Identify Target Population of Sole Source Repairable Items*
 - *Develop Performance Work Requirement*
 - *Conduct ROM / BCA*
 - *Develop Umbrella J&A*
- **WRAFB Award Target December 2016**





Planned PBLs Raytheon System-Level

Moderator: Doug Nevins



- Incremental Growth Approach
- Quad-Service Impact
- Savings ... 1-3% (Phase I) / 3-6% (Phase II)



Added Repair & Engineering Services to Contract at Army's Request – Helps Set Platform for Phase III PBL Launch



Planned PBLs DLA Mechanicsburg

Moderator: Brian Watkins



DLA Maritime Mechanicsburg use of NAVSUP WSS Long Term Contracts with PBL Provisions

Incorporate DLA as Ordering Office

Systems

- MK-41
- AEGIS Spy-1
- CIWS
- AEGIS Fire Control System MK-99

Scope

- Non-Demand-Based Items
- Non-Recurring-Demand Items

Benefits

- Cost Savings
- Lead-Time Improvements





Planned PBLs DLA Warren

Moderator: Vito Zuccaro



- **Collaborating with the JLTV Program Office (Army PSM) About Ideas and Possibilities**
 - *Working Within DLA & Army Communities, to Include Army Contracting Command in Warren*
 - *Studying Major Vehicle Components as Possible PBL Candidates...A Focus on the Sustainment Mission*
- **Discuss PBL Lessons Learned with Stryker Team with an Emphasis on Process and Time**

Teaming with Army Community



The Way Forward



We Want Your Ideas...Contact Us...White Papers

Let's Collaboratively Get the Creative Juices Flowing

Our Industry Partners Have a History of “Moving the Needle” to Enhance Support to Our Warfighters



