Maximizing Warfighter Support Through The Future Logistics Enterprise

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Future Logistics Enterprise (FLE)

• DoD’s near-term plan to transform logistics
  – Weapon system support
  – End-to-end customer service
  – Enterprise integration

• Focused on improving warfighter support

• Enabled by best practices and commercial solutions
Why Future Logistics Enterprise?

Quadrennial Defense Review
- Deploy in 7-14 days
- Implement performance-based logistics
- Achieve industry performance standards

Combatant Commanders
- Southern/Northern Watch
- Noble Eagle
- Enduring Freedom

DoD Logistics
- $88B+/year
- Over 1 million people
- 16-day customer wait time
- Over 600 disparate systems

Service Initiatives
- Product support
- Footprint reduction
- Customer wait time

Related DoD
- Financial Reform
- Business Improvement Council
- Defense Business Board

Near-Term Results
- Weapon system support
- End-to-end warfighter support
- Enterprise integration

End Game
- More bombs on target
- Faster
- At less cost

The threat is now!—Transformation must be now!
Future Logistics Enterprise

Enterprise Integration

Demand Planning

- Combatant Commanders
  - Army
  - Navy
  - AF
  - USMC
    - Force Requirements
    - Operational Tempo

- Theater Logistics Operations
  - In-Theater Distribution
  - Ammo, Fuel, Food

Force Providers

Joint Planning/Execution

Supply Planning

Program Manager and Executive Agents

- Life Cycle Management
- End-to-End Management

Supply Chain Execution

Fulfillment Agents

Industry/Government Partnerships
What’s New

• End-to-end responsibility and accountability
  - Program Managers
  - Executive Agents

• Real-time demand planning and capture from the source
  - Combatant Commanders
  - Deployed forces

• Processes and systems that embed best practice
  - Distribution
  - Information management

Providing our forces with consistent, reliable logistics support
Weapon System Support Challenges

- Weapon system reliability designed to 75-85% range
  - Will not support rapid force projection

- Estimated weapon system sustainment cost of $67B
  - Unable to link cost to performance

- Average wait time of 16 days for repairable parts
  - Disconnects across logistics functions

- World-class organic and commercial maintenance capabilities
  - Competing rather than cooperating

- Promising demonstrations of automated maintenance aids and parts management
  - We need to proliferate across the Department
Life Cycle Management

BEFORE

PM ROLE DIMINISHES

A
Concept & Technology Development

B
System Development & Demonstration

C
EMD, Demonstration LRIP & Production

LOG INFRASTRUCTURE

SUSTAINMENT

TODAY and into the FUTURE

PM ROLE CONTINUES

A
Concept & Technology Development

B
System Development & Demonstration

C
EMD, Demonstration LRIP & Production

EVOLUTIONARY

SUSTAINMENT

UPGRADES

LOGISTICS INPUT/SERVICES VIA PARTNERSHIPS

Implemented Via 5000 Guidance
PBL Implementation

*Projected PBLs Based on Approved Service Plans*
Public-Private Partnering

**Warfighter**
- Improved logistical support
- Improved responsiveness
- Technology infusion
- Increased reliability

**Organic Depots**
- Enhanced operating efficiency
- New investment
- Access to technical innovation
- Preserve skilled workforce

**Commercial Firms**
- Access to process permits and proven capabilities
- Minimize process flows
- Avoid investment in duplicative capabilities
- Long-term agreements
Early Indicators of Success

Performance-Based Logistics
- Designed-in Reliability
- Single Contract for Sustainment

~40% REDUCTION LOG FOOTPRINT

~60% MORE SORTIES

JSF

Operation Enduring Freedom

100% Sortie Rate

Sorties Scheduled = 249
Sorties Flown = 249

JSTARS PBL Aircraft Availability
Provided 199 additional aircraft days in FY01 & FY02

Early Indicators of Success

Results

Units in repair from: 252, to: 0
98% shipped same day (was 60% prior to PBL)
92% delivered within 4 days worldwide
CWT reduced from: 35 days to: 5 days
Migration to the FLE End State

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<tr>
<th>FIELDED</th>
<th>CURRENT</th>
<th>FUTURE</th>
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<tbody>
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<td>F-18 C/D</td>
<td>F-18 E/F</td>
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<td>BRADLEY</td>
<td>Stryker</td>
<td>FCS</td>
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- Transaction-based
- Fractured Supply Chains
- Random Failures
- Batch Process orders
- Limited Accountability
- Performance-Based
- Integrated Chains
- Fleet Management
- Integrated Systems
- PM Accountability
- Capability-Based
- Industrial Integration
- Autonomic Logistics
- End-to-End Solutions
- Single-Line Accounting

**Response Time:**
- **2000:** 16 days
- **2010:** 5-8 days
- **2010:** 1-5 days
End-to-End Warfighter Support

Uncertainty in the Supply Chain

• Lack of customer confidence
• Lack of timely consistent information
• Unsynchronized materiel flow and hand-offs
• Lack of collaboration in planning and execution
Best Practices Distribution Process

Demand Planning

Rules and Tools guide Customer-Supplier relationship

Collaboration

Customer Places Orders

(seconds/minutes)
Order confirmation number
(Order Status by Exception)

Supply Planning

Order Processing System

Sources of Supply

Direct Source

Supply Center
(source, pick, configure, pack, label)

Fulfillment Agents

Performance:
Hours/Days

Simple, responsive, reliable, visible
Executive Agents

Combat Commodities

- Subsistence
- Bulk Pol
- Medical Supplies
- Construction Supplies

Operational Requirements

Performance Driven Contracts

End-to-End Customer Service

Integrated Distribution

Combat Services

- Port Opening
- Water
- In-Theater Distribution
- And Others

Fully Resourced Reqmts

End-to-End Customer Service

COMMODITIES AND SERVICES RESOURCED AND DELIVERED TO OPERATIONAL REQUIREMENTS
Change the Process

TRANSFORM DOD LOGISTICS BY…

• Shifting key roles and responsibilities for end-to-end customer support
  – Source of Supply assumes ultimate responsibility for fulfilling the requirement, regardless of who is executing portions of the process
  – Requires proactive collaboration between Source of Supply, fulfillment agents, and customer
  – Operate within Performance Based Agreements (PBAs) between Customer and Source of Supply

• Through updated Materiel Management, Acquisition & Financial Policies
  – Key Policy Changes In Place By Jun 03

• Filling Information Gaps; needed information provided to the warfighter

SHIFTING FROM MANAGING INVENTORY TO MANAGING THE SUPPLY CHAIN!
Real-Time Demand Planning

Planning Trigger: Event Occurrence

Communication Path: Concurrent

Logistics Focus: Maximize Value to the Warfighter (operational availability)

Core processes across DoD with concurrent links working in real time
Measure Output

Performance Criteria Will Drive Behavior

DoD Logistics Scorecard
Service, Agency & Supplier Scorecards
Functional (Departmental) Scorecards
Process (Tactical) Scorecards

Perfect Order Fulfillment

CWT

Shifting the Paradigm

Speed

Meeting Warfighter Requirements
- Right Time
- Right Quantity
- Serviceable Condition
- Complete Documentation
Enterprise Integration

Enterprise Integration End State:

Highly trained and skilled people within the DoD Logistics Enterprise have access to near real time, actionable information

...provided by modern, commercially-based software products

...that have been rapidly implemented to enable reengineered logistics processes and business rules

Linking people, processes & information . . .

. . . to seamlessly deliver warfighting capability.
Managing for Success

Joint Logistics Board -- JLB
Senior Domain Leadership (3 and 4 star level)
DUSD(L&M) Chair
Representation from All Services/Agencies

Change Management Group - CMG
“Make it Stick”
Focus on:
- Coordination with JLB
- Change Management
- Policy changes
- Communications/Public Relations, Messaging
- Organizational Readiness

Commercial Industry Team:
One Rep (CIO, Exec Sponsor, VP Logistics, CEO etc) from selected companies that provide input/advice to each of the groups on varying topics

Program Implementation Group - PIG
“Do it Right and Fast”
Focus on:
- Best Implementation Practices
- Lessons Learned
- Infrastructure
- Integrated Schedule
- EL Toolkit
- Modernization Programs Education and Training
- RICE
- Security

Best Business Practices Group - BBPG
“Reengineer for Success”
Focus on:
- Architecture
- Balanced Scorecard - KPI/Metrics
- COTS Product Exploitation
- Business Process Reengineering
- End-to-End Processes
- Roles/Org Model
- Logistics Education
Progress-To-Date

- Promulgated life cycle management across DoD
  - Established 60 performance-based logistics programs

- Secured depot partnering enabling legislation
  - Issued partnering policy
  - Established 47 depot partnerships

- Defined end-to-end service for key combat commodities

- Developed comprehensive logistics enterprise architecture
  - Recognized as the logistics domain within Financial Management Enterprise Architecture (FMEA)

- Initiated COTS business solutions for 100,000 users

A Consistent Logistics Agenda;
Moving Forward with Implementation
Logistics Excellence

Don’t our sons and daughters deserve it!