NDIA CONFERENCE

DLA AFLOAT

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Chief, Distribution Management Division
Defense Logistics Agency
Today’s Presentation

• DLA Enterprise

• Transformation Overview

• DLA Afloat Initiative

• Summary
The Enterprise
The DLA Enterprise
as of 11 October 2005

**Scope of Business**

- 54,000 Requisitions/Day
- #54 Fortune 500 – Above Walt Disney
- #2 in Top 50 Distribution Warehouses
- 26 Distribution Depots
- 5.2 Million Items – eight supply chains
- 24.7M Annual Receipts and Issues
- 1411 Weapon Systems Supported
- 132.8M Barrels Fuel Sold (FY 05)
- $14.6B Annual Reutilizations/Disposals

<table>
<thead>
<tr>
<th>FY</th>
<th>Sales/Services</th>
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<tbody>
<tr>
<td>01</td>
<td>$17B</td>
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<tr>
<td>02</td>
<td>$21.5B</td>
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<td>03</td>
<td>$25B</td>
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<td>04</td>
<td>$28B</td>
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<tr>
<td>05</td>
<td>$31.8B</td>
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<tr>
<td>06</td>
<td>$34.3B</td>
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- Land/Maritime: $3.3B
- Aviation: $3.6B
- Troop Support: $12.9B
- Energy: $11.0B
- Distribution: $2.5B
- Other: $1.0B

- ~95% of Services’ repair parts
- 100% of Services’ subsistence, fuels, medical, clothing & textile, construction & barrier materiel

**People**

- 21,039 Civilians
- 523 Active Duty Military
- 668 Reserve Military
- Located in 48 States/28 Countries

**Foreign Military Sales**

- Sales: $813.8M
- Shipments: 501K
- Supporting 124 Nations

**FY01 Sales/Services: $17B**

**FY02 Sales/Services: $21.5B**

**FY03 Sales/Services: $25B**

**FY04 Sales/Services: $28B**

**FY05 Sales/Services: $31.8B**

**FY06 Projection: $34.3B**
Transformation
DLA’s Top Five Priorities

• **Mission** –
  • *Support to the War Fighter*

• **Transformation** –
  • *Enhanced Capabilities for the Future War Fighter*

• **People** –
  • *Transforming Our Human Capital and the Workplace*

• **Alignment** –
  • *To War Fighters...To Supply Chains*

• **One Enterprise** –
  • *Seamless Partnering for War Fighter Logistics Support*
Transformation
13 Programs and Initiatives

Defense Logistics Agency

- Supplier Relationship Management
- Distribution Planning Management
- Global Stock Positioning
- Executive Agency
- Business Systems Modernization
- Integrated Data Environment
- Customer Relationship Management
- National Inventory Management Strategy
- Product Data Management Initiative
- Reutilization Modernization Program
- Fuels Automated System
- Workforce Transformation
- Base Realignment and Closure

FY 04-11
Expect $465.4M in cost avoidance

$2.1 Billion Investment
$4.8 Billion Savings
to the Services thru FY11

Plus

Public/Private Competitions

Quadrennial Defense Review

Distribution Process Owner
Global Stock Positioning (GSP)
1 of 13 Transformation Initiatives

**PAST**
- Inventory Control Point-unique approach…no central strategy
- Vendor-centric stock positioning tendency
- Limited Service engagement

**PRESENT**
- Central strategy and business rules
  - Defense Distribution Center-led Stock Positioning Integrated Process Team
- Focus shift to Service/War Fighter
- Services engaged

**FUTURE**
- Enterprise Strategy: Global positioning in advance of requirement to increase mat’l availability/reduce wait time
  - Increasing readiness while reducing cost
  - “Facing Fill” Targets built into Business Systems Modernization business rules
  - Hub and Spoke methodology
- Service/Warfighter-centric
- Services in partnership

- Strategic Distribution Platforms (SDP)
- 4 New Forward Depots
  - Sigonella, Kuwait, Guam, Korea

- Tailored stock profiles
- 2 New SDPs--BRAC
- Deployable Depot
- DLA Afloat

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DLA Afloat Initiative
Forward Distribution Strategy

OCONUS, fixed based distribution centers

Deployable from CONUS

Comprehensive Distribution Management

AIR

Forward Stock Positioning

Kuwait

Support to the Warfighter

SURFACE

Persian Gulf

DLA Afloat Distribution Center

FLEXIBLE

AGILE

RESPONSIVE

Deployment & Resupply from CONUS

Strategic Distribution Centers

Deployable Distribution Capability

Mobile, forward positioned
Fixed Base Forward Stocks

- Decrease CWT
- Improve Readiness
- Decrease Cost

$500M Annual Demand

All Sites

<table>
<thead>
<tr>
<th>Location</th>
<th>FSL # of NSNs</th>
<th>Projected # of NSNs</th>
<th>Projected Completion Date</th>
<th>Actual FY05 MROs</th>
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<tr>
<td>Germersheim</td>
<td>22,250</td>
<td>22,250</td>
<td>Completed</td>
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<td>Sigonella</td>
<td>4,150</td>
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<td>Completed</td>
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<td>Yokosuka</td>
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<td>14,300</td>
<td>Completed</td>
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<td>Pearl Harbor</td>
<td>16,000</td>
<td>22,300</td>
<td>Feb 2006</td>
<td>161,167</td>
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<td>Guam</td>
<td>5,800</td>
<td>8,700</td>
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<td>40,000</td>
<td>Feb 2006</td>
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<td>Totals</td>
<td>118,250</td>
<td>135,050</td>
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(Data as of October 11, 2005)

As of 17 Oct 05:
19,431 NSNs Available for Issue
500,122 MROs Processed
191.2 M lbs. Shipped
Est. Cost Avoidance: $144.1 M

FY04 – 11 … $465.4 Million Net Cost Avoidance
Defining the Problem: A Distribution Gap

Solution: DLA Afloat

Leverages Peacetime Capabilities to Meet Wartime Operations

High Transportation Cost/Limited Airlift

Long Delivery Lead Time

Afloat Solution

Fills the Gap

Capability Gap Caused By:
- Airlift Costs
- Lift Availability
- Shortened Delivery Time Targets
- Limited Range/Depth of Forward Stocks
- Remote Locations

First 30 Days

Look to Sustain flow

Projecting Distribution Forward

Air Sustainment Shipments $2.66/lb

Surface Sustainment Shipments $.22/lb

Strategic Distribution Centers

Leverages Peacetime Capabilities to Meet Wartime Operations
Concept:
• Forward-positioned, self-contained, mobile distribution capability
• Capability to receipt, store and issue supplies tailored by DLA, COCOM and Services
• Sustainment of U.S. Military forces across range of contingency operations and exercises
• More than a preposition ship, a container ship, and a combat stores ship – has characteristics of each

End state:
• A rapid, flexible, capability focused on sustaining the War fighter around the world

An Afloat Distribution Center Would Strengthen the Supply Chain By Ensuring Rapid and Flexible Material Distribution Tailorable to Theater Missions and Requirements
A Working Distribution Center

**Designated Ship(s)** - Configured to distribute selected items within classes of supply (except fuel and ammo) to operational units;

**Loading and unloading** - Pier side, lighterage, vertical replenishment (Helo), potential limited organic delivery (trucks).

**Basic Distribution Functions** - (receipt, store & issue) + limited additional functions such as break-bulk.

**Multiple storage capabilities** - Including modular containers, pallets, down to bin-able items with issue from on-board stocks.

**Integrated Capability** - Complements DLA fixed based forward stocks & deployable distribution depot capabilities in peacetime and wartime.

**Contingency/Exercise Support** - Immediate material backup in early deployment/sustainment -- stocking critical, fast moving items

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**TAILORABLE SUPPORT**
Afloat Initiatives Within DoD

- OSD / Joint Staff
  - Joint Expeditionary Force Projection/Sea Basing
- Navy
  - Joint Seabasing Lead
  - Sea Shield
  - Sea Strike
- Army
  - Army Supply Support Afloat Concept
- Marines
  - Maritime Prepositioning Force (Future)
  - Operational Maneuver from the Sea
- Air Force
  - Ammunition Prepositioning Ships

Integrated Process Teams

- OSD/ Joint Staff
  - Sea Basing Joint Integrating Concept IPT
- Navy/USMC
  - Naval Logistics
  - CONOPS Working Group
- Army G4
  - Army Supply Support Activity (SSA) Afloat Work Group

DLA Afloat Distribution Center
DLA Afloat Distribution Center
Key Benefits

Provides a suite of capabilities to support the War fighter:

- **Increased material readiness** - quick-response sustainment backup support to services’ prepositioned stocks and deployed units operating requirements
- **Reduced airlift cost** of bulk items (construction supplies; Subsistence, etc.)
- **Reduced demand on airlift** re-supply missions
- **Minimizes land-based logistics footprint**
- **Worldwide distribution support** capability in addition to material support for contingencies and exercises
- **Supports sea-based power projection concepts** in both developed and austere operational areas (e.g., ports, ship-to-ship, helo)
DADC Time Line

**Internal**

- √ Apply DORRA Gap Analysis
- √ Developed Analysis of Alternatives
- √ Completed Service Briefs
- – Refine CONOPS
- – Submit POM (Jan/Feb06)

**External**

- – MSC Release Market Survey
- – Obtain MSC Market Survey
- – Business Case Analysis
- – JNT Capability Integration and Development System
- – IOC

**End Game**

End Game is to have an Afloat Capability by FY09
Summary

• DLA Afloat Distribution Center will provide a mobile distribution capability to the war fighter as well as the humanitarian requirements necessary to support relief efforts from natural disasters

• DLA Afloat Distribution Center is a set of capabilities that enhance DLA’s mission performance - not necessarily a single large platform

• One solution does not satisfy the range of objectives that we’ve discussed
Summary

• Whatever we finally recommend needs to reflect the operational realities (including the humanitarian relief experienced with Hurricanes Katrina and Rita) and the flexible response required in an increasingly complex world environment.

• A fiscally sound solution set of capabilities must be consistent with other Defense-wide initiatives that plan to use the sea as maneuver space.