Agenda

• BRAC Initiatives
• Implementation Strategy
• Strategic Sourcing Overview
• Challenges
• Progress
• Questions
Overview of the BRAC 05 Supply and Storage Decisions and Pillars

**Decision 35**  
*(Recommendation 176)*: Depot Level Reparable (DLR) Procurement Management Consolidation

**DLR Procurement Pillar:**
Transfer procurement management and related support functions for the procurement of DLRs from the Military Services to the Defense Logistics Agency (DLA).

**Consumable Item Transfer (CIT) Pillar:**
Transfer of function related to the management of consumable items from the Military Services to DLA.

**Decision 43**  
*(Recommendation 175)*: Commodity Management Privatization

**Commodity Management Privatization Pillar:**
Transfer supply contracting functions for tires, packaged petroleum products, and compressed gasses from the Military Services to DLA. Disestablish (privatize) all other supply, storage, and distribution functions for these commodities.

**Decision 51**  
*(Recommendation 177)*: Supply, Storage, and Distribution Management Reconfiguration

**Strategic Distribution Pillar:**
Designate 2 DLA Distribution Depots as Strategic Distribution Platforms (SDPs), mirroring the 2 existing SDPs. Designate remaining DLA Defense Depots (DDs) as Forward Distribution Points (FDPs), focused on local customers.

**Maintenance Depot Supply and Storage (Retail Supply Operations) Pillar:**
Transfer all supply, storage, and distribution functions / work in the Military Service Maintenance Depots from the Military Services to DLA.

*Note:* For briefing purposes Decision 35 will be presented as two recommendations.
DLR Procurement Management Consolidation

The Decision

• ...realigns or relocates the procurement management and related support functions for the procurement of depot-level reparables (DLR) to the Defense Logistics Agency....

Post-BRAC Business Model

• A Single, Integrated new DLR procurement management provider supporting all Service requirements by FY 11:

  ➢ A single face to industry for all new DLR procurement
  ➢ DoD fully leveraging its DLR buying power
  ➢ Reduced inventory
  ➢ Commercial partners maintaining a single procurement management strategic partnership

Saves DOD $ by leveraging all procurement buys and managing them within a single agency!
DLA Today & Tomorrow
Streamlined Acquisition

Today

- Air Force
- Army
- DLA
- Marine Corps
- Navy

- Multiple Clauses
- Multiple Policies
- Fragmented Collaboration
- Multiple Processes
- Multiple Systems

Tomorrow

- Single Policy
- Single Process
- Single Automated System
- Single Supplier Collaboration Model
DLA’s Strategic Plan for DLR Procurement Management

Extend the DLA Enterprise

Maximize warfighter potential by extending the Enterprise to provide worldwide response and integrated, best value supplies and services consistently to our customers.

- Extend competencies and capabilities closer to the warfighters.
- Actively engage the warfighters to better understand their needs and meet their requirements.
- Align demand and supply chain capabilities within the supply chain management model to better support the warfighters and their weapons systems.
- Design, implement, and sustain a best value enterprise IT environment.
Implementation Strategy
**DLR Detachment Implementation Strategy**

<table>
<thead>
<tr>
<th>Initial Transition</th>
<th>DLA Desired End-State</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Buy all new DLRs</td>
<td>• Detachments remain in place &amp; report to single Chief of Contracting Office at appropriate DLA Supply Chain Head of Contracting Authority</td>
</tr>
<tr>
<td>• Tiered Implementation</td>
<td>• Single contract writing tool in BSM (e-Procurement)...DLA Policies &amp; Procedures</td>
</tr>
<tr>
<td>• “As-is / Where-is” - Policy, Process, &amp; IT systems</td>
<td>• DLA Detachment responsible for all DLR procurement</td>
</tr>
<tr>
<td>• Work is reimbursable for acquisition services</td>
<td>• Full visibility of all procurement &amp; requirement forecasting information</td>
</tr>
<tr>
<td>• Military Services retain Item Management</td>
<td>• Fully automated Performance Measurement system to capture &amp; report performance</td>
</tr>
<tr>
<td>• Joint Governance for Joint Acquisition Strategies</td>
<td>• Joint Governance for Joint Acquisition Strategies</td>
</tr>
<tr>
<td>• Establish Strategic Materiel Sourcing Group (SMSG) I.T. Solution for strategic sourcing data</td>
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</tr>
<tr>
<td>• Consolidated buys identified by Strategic Material Sourcing Group...long term contracts for consumables &amp; DLRs</td>
<td></td>
</tr>
<tr>
<td>• Jointly established Key Performance Indicators and PBAs</td>
<td></td>
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</table>
Depot Level Reparables Organization Structure

Component Acquisition Executive

HQ DLA

Supply Chain/HCA

Aviation DSCR
- Tinker AFB
- Robins AFB
- Hill AFB
- NAVICP Philadelphia

Land DSCC
- MCLC Albany
- Detroit Arsenal
- Aberdeen PG MD

Maritime DSCC
- NAVICP Mechanicsburg

DLR Detachments

Redstone (Aviation/Missiles)
**Tiered Implementation Approach (Notional)**

<table>
<thead>
<tr>
<th>Tier I - 48%/16%**</th>
<th>Tier II – 46%/62%</th>
<th>Tier III – 5%/20%</th>
<th>Tier IV - 1%/2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>• No Data Rights</td>
<td>• Corporate Contracts – Buy ONLY</td>
<td>• OSD Maturity Model I &amp; II PBLs</td>
<td>• OSD Maturity Model III &amp; IV PBLs</td>
</tr>
<tr>
<td>• No First Article</td>
<td>• Single Item Procurement (not in Tier I)</td>
<td>• DLR with incidental services - not repair</td>
<td>• Combined with Program Requirements</td>
</tr>
<tr>
<td>• Part Number Buy (non-NSN)</td>
<td>• Multiple Item Procurements (NSN/non-NSN)</td>
<td>• Performance Incentives (Positive and Negative)</td>
<td>• Requires Business Case Analysis</td>
</tr>
<tr>
<td>• Single Item Procurement (NSN)</td>
<td>• New DLRs</td>
<td>• Requires Business Case Analysis</td>
<td></td>
</tr>
<tr>
<td>• Transactional Buys (NSN)</td>
<td>• Special Tests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• New DLR Procurement (NSN)</td>
<td>• Technical Requirements</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• No Special Services</td>
<td></td>
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</table>

• USAF -- All Tiers transferred concurrently
• Track and report performance based on jointly established Key Performance Indicators

**Items/Dollar Value**
Procurement Business Process – At Detachment Stand-up

Army
- DLA Det
- CCO
- Army Policies
- Army Procedures
- Army Legacy Systems

Navy
- DLA Det
- CCO
- Navy Policies
- Navy Procedures
- Navy Legacy Systems

Air Force
- DLA Det
- CCO
- Air Force Policies
- Air Force Procedures
- Air Force Legacy Systems

Marine Corps
- DLA Det
- USMC Policies
- USMC Procedures
- DPACS (DLA Legacy)

- Visibility and standard use of DoD-wide Long-Term Contracts In Place/In Process
- Continuous Information Flow Between All Parties
- Performance Based Agreements

DLA buyers will execute contract actions for current purchase requests & administer existing contracts
End-State Procurement Process

- Joint Policies
- Joint Procedures
- Single CCO by Supply Chain

Single Contract Writing Tool

DLA buyers will execute contract actions using single contract writing tool
Implementation POA&M
FY07 – FY11

Provisional Detachment Standup – CCO Only
- WR-ALC (Oct 07)
- OO-ALC (Nov 07)
- OC-ALC (Dec 07)

Provisional Detachment Standup – CCO and FTEs
- AMCOM (1 Oct 07)
- TACOM (1st Qtr FY08)
- NAVICP – Philadelphia (Jan 08)
- NAVICP – Mechanicsburg (Jan 08)

DLA DLR Detachment Standup
- USMC Albany (1st Qtr FY08)
- OO-ALC (May 08)
- OC-ALC (Jun 08)
- WR-ALC (Nov 08)
- NAVICP – Philadelphia (Nov 08)
- NAVICP – Mechanicsburg (Nov 08)
- TACOM (Dec 08)
- AMCOM (Dec 08)

▲ Firm ▲ Notional
Strategic Sourcing Overview
### DLA Strategic Partners & Top MILSVC Suppliers

#### Synergy Across Department – Opportunities to Leverage DoD Buying Power

<table>
<thead>
<tr>
<th>DLA Strategic Partners</th>
<th>Air Force</th>
<th>Army</th>
<th>Navy</th>
<th>Marine Corps</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Electric</td>
<td>General Electric</td>
<td>Goodyear</td>
<td>General Electric</td>
<td>Canadian Commercial Corp</td>
</tr>
<tr>
<td>Boeing</td>
<td>United Technologies</td>
<td>AM General</td>
<td>Bell Boeing Joint Project Office</td>
<td>Raytheon</td>
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<tr>
<td>Textron</td>
<td>Dynamic Gunver Technologies</td>
<td>Boeing</td>
<td>Boeing</td>
<td>Ronal Industries</td>
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<tr>
<td>Oshkosh</td>
<td>GKN Aerospace</td>
<td>Lockheed Martin</td>
<td>Sikorsky</td>
<td>Rodelco Electronics</td>
</tr>
<tr>
<td>Honeywell</td>
<td>Rolls Royce</td>
<td>Oshkosh</td>
<td>All Tools Inc</td>
<td>Mantech Systems Engineering</td>
</tr>
<tr>
<td>Rolls Royce</td>
<td>Parker Hannifin</td>
<td>Purdy Corp</td>
<td>Raytheon</td>
<td>Lockheed Martin</td>
</tr>
<tr>
<td>AM General</td>
<td>Kaiser Electronics</td>
<td>Honeywell</td>
<td>Lockheed Martin</td>
<td>L-3 Communications</td>
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<tr>
<td>Goodrich Corp</td>
<td>Northrop Grumman</td>
<td>General Electric</td>
<td>Bell Helicopter/Textron</td>
<td>Northrop Grumman</td>
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<tr>
<td>Parker Hannifin</td>
<td>Raytheon</td>
<td>Bell Helicopter/Textron</td>
<td>Hamilton Sundstrand</td>
<td>Centron Industries</td>
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<tr>
<td>Sikorsky</td>
<td>Goodrich Corp</td>
<td>General Dynamics</td>
<td>Rolls Royce</td>
<td>Wendon Company</td>
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<tr>
<td>Hamilton Sundstrand</td>
<td>Hamilton Sundstrand</td>
<td>Raytheon</td>
<td>Canadian Commercial Corp.</td>
<td>Carleton Life Support Systems</td>
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<tr>
<td>Dresser Rand</td>
<td>CFM International</td>
<td>Pacific Harness and Cable</td>
<td>Northrop Grumman</td>
<td>Harris Corp</td>
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<tr>
<td>Eaton Corp</td>
<td>BAE Systems</td>
<td>Sikorsky</td>
<td>United Technologies</td>
<td>Detroit Diesel</td>
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<tr>
<td>Canadian Commercial Corp</td>
<td>Honeywell</td>
<td>Sikorsky</td>
<td>L-3 Communications</td>
<td>Oshkosh</td>
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<tr>
<td>Pratt &amp; Whitney</td>
<td>Boeing</td>
<td>CE Niehoff &amp; Co</td>
<td>Aegis Power Systems</td>
<td>Communications &amp; Power Industries</td>
</tr>
<tr>
<td>Northrop Grumman</td>
<td>AAR Parts Trading Inc</td>
<td>Fenn Manufacturing</td>
<td>Sensis Corp</td>
<td>System Technical Support Corp</td>
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<tr>
<td>Lockheed Martin</td>
<td>EFW Inc</td>
<td>Hutchinson Industries</td>
<td>General Dynamics</td>
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<td>GTA Containers</td>
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<tr>
<td>BAE Systems</td>
<td>Cummins Inc</td>
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<td>Cummins Inc</td>
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<td>Smiths Aerospace</td>
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<td>Raytheon</td>
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<td>Moog</td>
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<tr>
<td>United Defense LP/BAE</td>
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<tr>
<td>Alcoa Global Fasteners</td>
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<tr>
<td>Aircraft Braking Systems</td>
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<tr>
<td>Warren Pumps</td>
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<tr>
<td>Avibank</td>
<td></td>
<td></td>
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<tr>
<td>York</td>
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**Significant Overlap in Top Suppliers**

**DLA Unique**
- Air Force Unique
- Army Unique
- Navy Unique
- Marine Corps Unique
- DLA/Military Service Common Supplier
Joint Acquisition Strategies Board
Governance Model

**Level I Roles**
- Champion joint acquisition strategies
- Resolve conflicts that inhibit joint acquisition strategies
- Approve overall sourcing and supply chain goals
- Oversee and monitor performance metrics
- Establish Level II Board

**Level II (Aviation, Land or Maritime Supply Chain) Roles as Delegated by Level I**
- Own DLR sourcing process
- Set overall sourcing and supply chain objectives and goals
- Approve DLR Acquisition Strategies, Plans, Measures
- Evaluate ongoing strategic procurement performance
- Charter DLR Procurement IPTs

**Level I**
(MRCAG / HQ)
GO/Flag Off / SES

**Level II**
(Supply Chain)
GO/Flag Off / SES

**Level III**
(Program Execution)

**Joint Acquisition Strategies Board Governance Model**

**Direction - Strategic Sourcing Strategies- Approval**

**Level II (Aviation, Land or Maritime Supply Chain) Roles as Delegated by Level I**
- Own DLR sourcing process
- Set overall sourcing and supply chain objectives and goals
- Approve DLR Acquisition Strategies, Plans, Measures
- Evaluate ongoing strategic procurement performance
- Charter DLR Procurement IPTs

**Level III – DLR Procurement Roles**
- Establish/execute Joint Component DLR procurement strategies under the direction of the Level I & II Governance
- Execute supplier business agreements (includes sole source & competitive)
  - Determine contract Terms & Conditions
  - Performance requirements
  - Determine price reasonableness
  - Select source
- Capture, monitor, and distribute supplier performance
- Manage operational relationships with suppliers
- Conduct & maintain DLR market intelligence

**Level III – DLR Procurement Roles**

- **TRANSFERRED:** Procurement Management
- **SHARED:** Strategy Development
- **RETAINED:** Requirements Management, Financial, Technical

**DLR Procurement IPT**

**DLA SPE**
Provides Contracting Guidance

**ARMY**
**NAVY**
**AIR FORCE**
**MARINE CORPS**
**DLA**

(Some Acquisitions May Require Other Vested Senior Leaders)
Developing Joint Opportunities

Joint DLR Acquisition Collaboration and Data Flow Model

- Strategic Materiel Sourcing Group (SMSG)
- Supply Chain (Aviation, Land, Maritime)
- Governance Board Oversight
- Services Requirements Generation: Fiscal, Technical, QA, PM
- DLA DET
- DLA DET
- DLA DET

Legend:
- Data
- Data Analysis
Challenges
1. Day one DLA DLR detachment standup schedule shows earliest transition May 08, two thirds of the way through FY 08

2. Provisional Detachment Stand-up schedule of 01 OCT 07

3. Identifying & Programming Legacy IT System Changes

4. Ensuring that the transferring workforce numbers match the work which will be processed by DLA
Progress
• Governance Structure agreed upon by Materiel Readiness Component Advisory Group (MRCAG)

• Implementation Strategy Document completed and agreed upon by each Service and DLA

• Overarching Plan of Action & Milestones completed

• Initiated Pathfinder effort

• Finalized Savings Model

• Finalized Financing Of DLR Purchases
Depot Level Reparable
Next Steps

• Obtain USAF signature on Governance Charter

• Identify Site CCO

• Complete Site specific Plan of Action & Milestones
Summary

• DLA and Air Force committed to a smooth transition
• DoD DLR Working Group aggressively spearheading effort
• Remaining challenges being worked
• Detachment Stand-up gives best chance to achieve savings
• Change management activities ramping up.