Achieving “Actionable Logistics”

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“Actionable Logistics”

- Measurable and accountable process owners
- End-to-End supply chain management
- Comprehensive asset visibility / management
- Agile, responsive commercial base
- Integrated Command and Control

Synchronized national, operational, and tactical level logistics to enable resilient operations
Where Are We?

- 5.2M+ stock numbers
- $125B+ annual logistics costs
- $70B+ secondary inventory
- 6,000+ contractors supporting weapon systems
- Wide disparity in customer wait time
Agile, Responsive Industrial Base

- Performance-based logistics
- Performance Driven Outcomes
- Partnering
- Enabling command and control systems
Recent DoD PBL Developments

• Re-emphasized commitment to PBL in QDR
• Endorsed sustainment KPP and outcome metrics
• Articulated end-to-end value focus via Performance Driven Outcomes
• Expanded “partnering” authorities to DLA

Time to take PBL to the next level
Prior PBL Programs

JSTARS  B-2  F/A-18 E/F
F-117  C-17  Common Ground Station

Successful in improving availability and reducing costs
BUT platform – (not capability) centric
Keys to Successful PBL’s

- Long-term contractual agreement (5+5)
- Clear outcome-related performance metrics
- Contract payment linked to performance metrics
- Limited number of distinct CLINs
- Strong partnership with Government providers
PDO is a metric-based, enterprise-wide strategy that achieves planned outcomes by establishing authority, assigning responsibilities and applying optimized processes and resources.

**Based on Results**

**ASSURED CAPABILITY**
Material and non-material capabilities integrated across the enterprise to accomplish DoD mission

**Empowered**

**CLEAR OWNERSHIP**
Life cycle accountability / responsibility

**Linked**

**FULLY-ALIGNED FRAMEWORK**
Recognition of internal and external shareholders
Stakeholder expectations established by formal agreements
Resources linked to metric-based outcomes

**Optimized**

**BEST PROCESSES & TOOLS**
Use the most efficient means to optimize processes and minimize life cycle cost
Government / Industry Partnerships

- To date, “partnerships” have focused on depot maintenance
  - CORE requirements

- Effective partnerships require shared risk / rewards
  - Including investment

- Recent statutory changes enable greater partnerships
  - DLA beyond consumables

We have a unique opportunity to extend partnering to the entire weapon systems value chain
End-to-End Partnering Framework

Assured Outcome | PBL | Lean Processes | Enabling Infrastructure

**Deployed Ops**
- Field Support Activity
- Requisitioning
- Reverse Logistics
- Field Service

**CONUS Infrastructure**
- Distribution Centers
- DAASC

**DoD lifecycle command**
- Other Depots
- Vendors
  - DLA

**Assured Material Readiness**

**Synchronized tactical and national level logistics**
- Reqts Oversight
- Facility/Property Mgmt
- SBA Procurements
- Intra-governmental

**Industry**
Enabling Logistics C²

Where DoD Is:

- BTA SOA, EAF
- Navy NMCI
- OSD UID, RFID
- TRANSCOM ITV.
- Marine Corps NMCI
- Air Force
- DLA
- DISA
- Army AKO

- Point to Point, Stovepiped Solutions
- 3,700 Legacy Systems
- $2 B year for Logistics Business Systems Modernization

Where DoD Wants to be:

Under Current plan, Not Achievable until 2015, Built in Obsolescence …

and this has been the same story for 20 years
Potential Commercial Networks

A network service that provides levels of logistics capability:

- **“Basic”**
  - Network connectivity
  - Security credentialing
  - Transactional routing

- **“Enhanced”**
  - Product data access
  - In-transit visibility

- **“Premium”**
  - Log Apps - custom and common
  - Business continuity
  - Modeling & simulation
Our Path to the Future
(Industry and Government)

• Clarify current PBL guidance / handbooks
  – 5+5 as preferred structure
  – Outcome metric
  – Pay for performance
  – Limited CLINs

• Drive responsibility / accountability across value chain
  – Consistent with PDO

• Extend partnering authorities to explicitly include Service ICPs and DLA

• Enable end-to-end management via commercially provided networks
Ubiquitous, cost-effective capability to project and sustain power.