



Achieving “Actionable Logistics”

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Lou Kratz
Lockheed Martin

“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**
-
- A photograph of a military truck launching a missile. The truck is on the left, and the missile is being launched from its rear. The missile is angled upwards and is surrounded by a large plume of fire and smoke at its base. The background is a clear blue sky.

Agile, Responsive Industrial Base



- Performance-based logistics



- Performance Driven Outcomes



- Partnering



- Enabling command and control systems

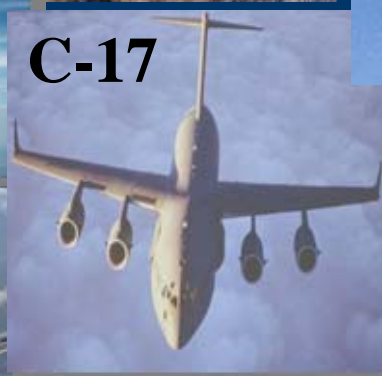
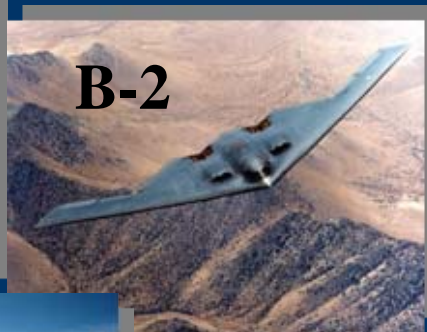




- **Re-emphasized commitment to PBL in QDR**
- **Endorsed sustainment KPP and outcome metrics**
- **Articulated end-to-end value focus via Performance Driven Outcomes**
- **Expanded “partnering” authorities to DLA**

Time to take PBL to the next level

Prior PBL Programs



**Successful in improving availability and reducing costs
BUT platform – (not capability) centric**



- **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**
-
- A photograph of a green military truck launching a large missile. The missile is angled upwards and is surrounded by a large plume of fire and smoke at its base. The background is a clear blue sky.

Performance Driven Outcomes



**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

PDO is a metric-based, enterprise-wide strategy that achieves planned outcomes by establishing authority, assigning responsibilities and applying optimized processes and resources



- **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

CONUS Infrastructure



Field Support

Forward Supply Activity

Requisitioning

Reverse Logistics

Field Service

Distribution Centers

DAASC

DoD lifecycle command

Vendors DLA

Reqs Oversight
Facility/Property Mgmt
SBA Procurements
Intra-governmental

Other Depots

Industry

Roles

Roles

Synchronized tactical and national level logistics

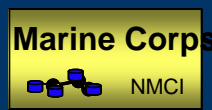
Enabling Logistics C²



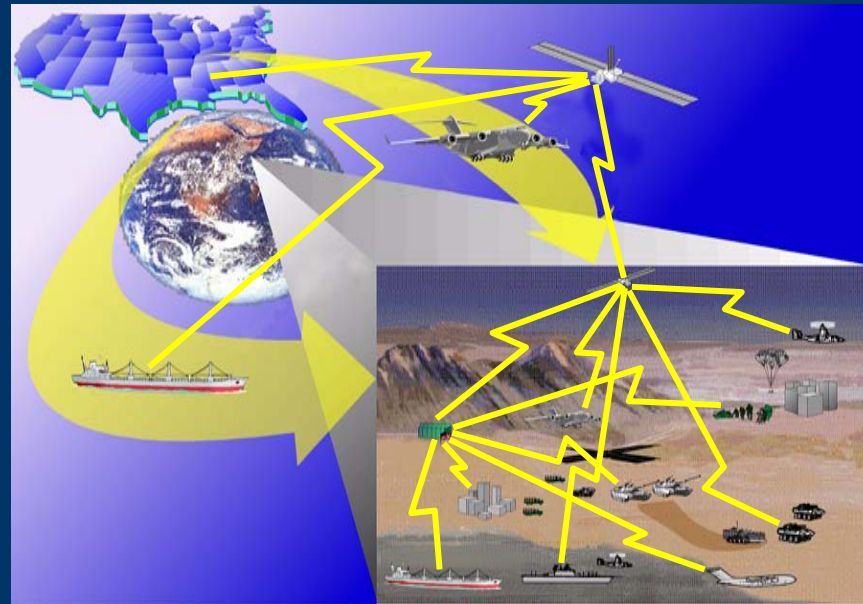
Where DoD Is:



- 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**

The End Game



Ubiquitous, cost-effective capability to project and sustain power.