Defense Logistics Agency

2009 Strategic Partners Conference

March 19, 2009

Mr. Cornel A. Holder
Strategic Materials Security Program Process

- Constant surveillance of global marketplace and assess ever-changing material needs
- Identify/Evaluate material requirements
  - Military conflict scenarios
  - Peacetime scenarios
- Dynamic list of material needs
  - Military weapon platforms
  - Input from military services
- Country reliability
  - Willingness and/or ability to sell to US
- Risk mitigation strategies to ensure material availability
SMSP Basic Foundation

- Implement a repeatable process to identify strategic and critical material to satisfy defense and essential civilian needs

- Manage an assessment process to measure impact of the following factors on the availability of materials:
  - Changes in global market conditions
  - Geo-political threats
  - Reduced access to foreign sourced material
  - Changes in U.S. industrial base
  - Loss of access due to natural/man-made disasters
  - National security emergency scenarios, and
  - Peacetime supply disruptions scenarios

- Determine the potential risk to existing supply chains and recommend a strategy to minimize any identified supply disruptions
SMSP

Services Provided

• Supply Chain Management/Lead Time Reduction
  – Monitor/identify changes in supply/demand concerns relative to material requirements and supply chain disruptions
  – Develop/execute risk mitigation strategies: strategic sourcing, traditional stockpiling, partnering with foreign nations
  – Reduce lead time by establishing contract vehicles to ensure continuity of material supply
Cost Reductions/Savings
- Aggregate quantity of material services wide under one contract – resulting in lower unit price
- No added charges to material – eliminate mark ups, overhead charges and profit normally applied to material when a contractor makes the acquisition
- Implement “right to recover” – military services receive economic benefit for any scrap/residual materials resulting from the production process
Benefits to Military Services

- DNSC operating as a buying agent can move discreetly in/out of markets without causing undue market disruption
- DNSC can facilitate release of materials to DoD contractors as Government furnished material shielding the defense contracts from surging market prices
- DNSC can support military services by ensuring timely availability of materials needed to satisfy defense contracts