DLA Aviation Overview
Mr. Ken Winslette, Deputy Director
Strategic Acquisition
Mr. Floyd Moore, Deputy Director
Supplier Operations
Agenda

• DLA Aviation – how we’ve changed
• Planning and Execution
• Measuring Support
• Supplier Impact
The DLA Aviation Enterprise

DLA Aviation provides effective and efficient worldwide support to warfighters and our other customers.

**Scope of DLA Aviation**
- $11.2M in sales/Day ($4.1B annually)
- 16.4K Requisitions/Day
- 1300 Weapon Systems Supported
- 1.3 Million NIINs managed
- Awards to 4,208 cage codes in FY09

**Aviation Demand Chain Customers (May 09-Apr 10 Sales at Standard):**
- Air Force: $1.5B
- Navy: $976.9M
- Army: $772M
- FMS: $479.4M
- USMC: $87.9M
- Other: $373.6M

- 3930 Employees
- 20 CONUS locations

**DLR Mission FY09 Work Processed**

<table>
<thead>
<tr>
<th>Site</th>
<th>Actions</th>
<th>Dollars</th>
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</thead>
<tbody>
<tr>
<td>Huntsville</td>
<td>734</td>
<td>$352M</td>
</tr>
<tr>
<td>Ogden</td>
<td>477</td>
<td>$208M</td>
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<tr>
<td>Oklahoma City</td>
<td>1,874</td>
<td>$822M</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>4,031</td>
<td>$892M</td>
</tr>
<tr>
<td>Warner Robins</td>
<td>376</td>
<td>$205M</td>
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Warfighter-focused, Globally Responsive Aviation Support
Demand /Supply Chain Interface

Demand Chain -- Customers

Aviation Demand Chain
Maritime Demand Chain
Land Demand Chain
C&E Demand Chain
Medical Demand Chain
Clothing Demand Chain
Subsistence Demand Chain
DSCP Demand Chain

Orders

Aviation Supply Chain
Maritime Supply Chain
Land Supply Chain
C&E Supply Chain
Medical Supply Chain
Clothing Supply Chain
Subsistence Supply Chain
DSCP Supply Chain

Goods

49% Aviation Supply Chain
$1.52B

23% Maritime Supply Chain
$336.2M

7% Land Supply Chain
$240.1M

5% C&E Supply Chain
$136.8M

1% Medical Supply Chain
$26.6M

9% Clothing Supply Chain
$93.3M

6% Subsistence Supply Chain
$166M

0.01% Not Assigned Supply Chain
$5.5M

Supply Chain -- Suppliers
Aviation Demand Chain
Demand Lines and $ Value By Service
FY10 (Oct 09 – Jun 10)

Demand Lines
Total 4.7 Million Lines

- Army Aviation: 9%
- Naval Aviation: 29%
- Air Force FMS: 2%
- Air Force: 60%

Demand @ Acquisition $ Value
Total $3.5 Billion

- Naval Aviation*: 35%
- Army Aviation: 7%
- Air Force FMS: 5%
- Air Force: 53%

Aviation Customer Market Share

Source: EIS Portals F67 Basic Tables ($ values at MAUC)
Aviation Demand Chain Indenture by IST Report

Note: Dollar values based on Gross Demand – may not match actual sales
* Navy Demand Value estimated.
Director’s Focus Areas

DLA Aviation Commander’s Focus Areas

Director’s Focus Areas

• Warfighter Support
• Stewardship Excellence
• Workforce Development

Processes

Technology

People

Commander’s Focus Areas

• Planning
• Cost Management
• Human Capital/Performance/People
• Industrial Support
• Strategic Acquisition

Air Force

NAVY/USMC

Army

Industry

Metrics

Demand

Supply

Focus on Sustainment Disciplines

– Program Management
– Supply Chain Management
– Depot Maintenance
Supply Chain Planning Defined

Supply Chain Planning is the management of information, materials, and finances across customers and suppliers to ensure optimal performance

- **Demand Planning**
  Working with customers and historical data to determine (forecast) needs
  Focus on Demand Forecast Units (DFUs) (logical groupings of items/customers), referred to as “Customer Operations”

- **Supply Planning**
  Working with existing capabilities and suppliers to obtain materials to meet needs
  Focus on Stock Keeping Units (SKUs) (physical item at DLA Depot), referred to as or “Supplier Operations”

- **Sales & Operating Planning**
  Integrating consensus demands with available supply while managing allocations of constrained items. Performed at the tactical level between demand and supply planners and at the strategic level between Directors of Customer & Supplier Operations

| Operating Principle | Manage the flow of demand and supply information across the supply chain to maximize customer service while achieving best overall value for the customer and DLA |
DLA Planning Process

**Inputs**
- Historical, or Collaborative Input

**Demand Plan**
- Up to 5 Years Out
- Published Monthly

**Supply Plan**
- Consider ...
  - Inventory Levels
  - Dues In

**Outputs**
- PR Replenishment
- Move Stock
- Over Procurement

JDA Planning System
(Manugistics)

- For Replenishment Actions, Need Arrival Date (NAD) is Date Stock Is Needed Based on Demand Plans and Projected Stock Levels
- NAD is Key Prioritization Element of our Workload....It Does not Always Allow for Full Lead Time

- Requirement Late to Need
- PR Created Late;
- No Execution Buffer
A Case for Change…

Administrative Lead-Time (ALT) of Record

SAP Create Date

Previous RAD *

Misleading Picture

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<tr>
<th>PRs vs. RAD</th>
<th>Production Lead-Time of Record (PLT)</th>
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<th>Need Arrival Date/ Customer Need Date</th>
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Mechanisms To Fill Replenishment Orders

- Long Term/Strategic Contracts—Delivery Orders
  - 69 Percent of all Awards Executed off Long Term Instruments
    - Delivery Orders/Awards Completed in Hours/Days
    - $84.3M Annual Demand Value Growth to Date
      - Baseline: $1.206M; To Date: $1.290M
    - 118K Annual Demand Frequency Growth to Date
      - Baseline 1.642M; To Date 1.760M
- Automated Purchasing
  -- 78 Percent of all Awards Are Automated (Delivery Orders Included)
  -- Awards Occur Within Weeks
  -- 70 Percent Attainment To Plan on Purchase Orders
- Manual/Transaction Buys
  -- 21 Percent of all Awards Are Manual

Goal to Shift Work From Manual to Automated with Priority on High Demand Frequency Items
Strategic Contracting Vision

Create Efficient and Effective Contracts that Optimize Support to the Department by:

– Developing innovative performance based support strategies

– Driving synergies between consumable and DLR business

– Benchmarking best procurement practices across DLA, Services and Suppliers

– Incorporating customer support related metrics and incentives – driving the right behavior

– Increasing the percentage of actions and dollars placed against joint opportunities and innovative contracts
Contract Evolution

- Virtual Prime Vendor Model Introduced
- Increased focus on corporate contracts

2000:
- Transactional
- Segmented

2001:
- Market Basket Concept Tested

2003:

2005:
- One Pass Pricing focus increased

2007:
- SAMMS to EBS
- Integration of DLR sites

2008:
- First BRAC related joint opportunities formed

2009:
- Increasing input from Suppliers via Industry Days to shape future commodity procurements

2010:
Supplier Collaboration Process

- Demand Planners
- Supply Planners
- Suppliers

SRVA

- planned orders
- feedback
- reach back resource
- anomalies detected/additional intel
What’s in SRVA

The SRVA Tool Displays the Queried NIIN(s) in Monthly Buckets for the Next 24 Months as Follows:

- DD – R items (*Forecastable DLA direct)- Planned Purchase Orders will be shown by month of need based on forecasted requirements *netted by inventory posture*

- DD – N items (Non-forecastable DLA direct) –Projected Planned Purchase Orders will be shown by month of need based on demand history *when inventory is projected to drop below safety stock*.

- CD items (Customer direct) - Aggregate forecast data from Demand Forecast Units based on DDE/SPR or Customer Order and display recommended shipments by month of need.

* > 4 Dmnds for QTY > 10 in 13 months, or DDE or SPR

- User ID and password required
- Request from web site
- Password turnaround in about 24 hours
Benefits of Collaboration

- Proactive information for planning production capabilities
- Reduce uncertainty in the Supplier planning process
- Improve customer support
- Reduce supply chain costs
- Reduce production lead time
DSCR Performance Goals
FY10 ADC & ASC Metrics

ADC Performance Goals
FY10 Demand Chain Metrics

ASC Performance Goals
FY10 Supply Chain Metrics

Strategic

Directorate – Customer Operations

Division

Perfect Order Fulfillment
Inventory Turns

Improve DPA
Reduce Initial PO Lateness
Exceptions
Reduce APFE

Logistics Response Time/Customer Wait Time
Customer Readiness
MICAPS/NMCS/RFT

Already
Target Ship Date by
Order Fulfillment
RTSCs
Increase Customer
Receipts

S&CP Systems
Depot Performance
Weapon System Performance
Operational Performance

Perfect Order Fulfillment
Inventory Turns

Attainment To Plan
Lead Time
Joint Opportunities
Long Term contracting

Obtain
Reduce PO Lateness
Reduce IntraPO Lateness
Reduce Admin Lateness
Reduce Supplier Lateness
Stock Outs/Stock Yaws
Overprocurements PRICO

Increase automation/delivery orders
Reduce Local Purchases
Annual Demand Frequency
Annual Demand Value
DLR PEA Targets

Includes SS&D

Includes DLR/SS&D Local Purchase
Perfect Order Fulfillment (POF) Overview

- End to end metric
- Only includes orders with a Material Receipt Acknowledgement

How do Suppliers Contribute??
- Ensuring planned customer direct orders ship in TDD Stds
- Ensuring accurate PLTs for sole source items
- Collaborating with DLA using SRVA
- Making sure orders ship on time
- Decreasing proposal turn around time
- Efficient pricing processes

Timeliness
Quantity
Quality
Documentation
Attainment To Plan (ATP) Overview

Plan with Need Arrival Date

How do Suppliers Contribute??
- Using DIBBS and PACE – automated processes
- Increasing long term contract coverage
- Ensuring accurate PLTs for sole source items
- Collaborating with DLA using SRVA
- Making sure orders ship as close to NAD as possible
- Decreasing proposal turn around time
- Efficient pricing processes

- Timeliness:  Was the material received by the Need Arrival Date?
- Quantity:  Did the quantity received match the PR qty?
- Quality:  Was any line of the PR received in other than condition code ‘A’?
Bringing Full Circle…

How can you contribute to performance?

**Customer Ops**

- Perfect Order Fulfillment
- Inventory Turns

- Demand Plan Accuracy/Percent Forecast Error
- Logistics Response Time/Customer Wait Time
- Customer Readiness
- MICAPS/NMCS/PNMCS

**Strategic Directorate**

- Improve DPA
- Reduce Initial PR Lateness
- Reduce APFE
- Lateness to Time Definite Delivery Standards
- Order Fill RTSOs, Increase Customer Receipts
- Industrial Performance
- Weapon System Performance
- Operational Performance

**Division**

- Reduce proposal turn around time
- Deliver to NAD
- Reduce delinquencies
- Reasonable pricing
- Proposal TAT
- On Time Delivery
- LTC coverage

**Supplier Ops**

- Perfect Order Fulfillment
- Inventory Turns

- Attainment To Plan
- Lead Time
- Joint Opportunities
- Long Term contracting

- Lateness to NAD
- Reduce Absolute PO Lateness
- Reduce Initial PR Lateness
- Reduce Administrative Lateness
- Reduce Supplier Lateness
- Increase automation/delivery orders

For example:

- Ensure planned CD orders ship in TDD standards
- DIBBS usage
- LTC coverage
- PACE

- Collaborate using SRVA
- Ensure accurate PLTs for sole source

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**Note:** The diagram is an illustration of supply chain leadership and performance metrics. It highlights key areas for improvement and collaboration within the supply chain.
Summary

Suppliers are a critical link in DLA Aviation’s ability to support the warfighter

Key Contributors:
- Collaboration
- Use of Automated Systems
- Proposal Turn Around Time
- Pricing
- On-time Delivery
- Long term contracts