America’s Combat Support Agency

- World-wide presence
- Direct support to Combatant Commands & Services
- 2000 weapons systems across 8 supply chains...with DWCF $
- $46B in sales in 2011... ($40B in mat’l, $6B in ops)

- But, “...not your Father’s DLA...”
  - Retail inventory support at Service Industrial activities
  - Procuring Service managed Depot Level Repairables
  - Operational & Tactical Class I and Class III Supply & Distribution
  - Navy Warehouse Transfer
Situational Environment

- **New Defense Strategy**
- **Continued Resource Pressure**
- **Implications to the “Log Nation”**
  - Dispersed ops, inhospitable environments
  - Uncertain transportation networks
  - Reliance on commercial supply chains
  - Reliance on “uncertain” partners
  - Unsecured lines of communication
  - Persistent cyber attacks
## Program Budget Review 14

*Significantly improved performance to the Warfighter while dramatically reducing cost*

<table>
<thead>
<tr>
<th>OSD-C Guidance (DLA Supply Chain Only)</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cost ($ Millions)</td>
<td>$120</td>
<td>$145</td>
<td>$171</td>
<td>$199</td>
<td>$199</td>
<td>$800</td>
</tr>
<tr>
<td>Materiel Cost ($ Millions)</td>
<td>$416</td>
<td>$629</td>
<td>$850</td>
<td>$735</td>
<td>$735</td>
<td>$3,400</td>
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<tr>
<td>TOTAL</td>
<td>$536</td>
<td>$774</td>
<td>$1,021</td>
<td>$934</td>
<td>$934</td>
<td>$4,200</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Additional Efficiencies (DLA Supply Chain &amp; Energy)</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating ($ Millions)</td>
<td>$66</td>
<td>$134</td>
<td>$202</td>
<td>$268</td>
<td>$406</td>
<td>$1,076</td>
</tr>
<tr>
<td>Materiel ($ Millions)</td>
<td>$320</td>
<td>$622</td>
<td>$933</td>
<td>$1,254</td>
<td>$1,900</td>
<td>$5,029</td>
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<tr>
<td>TOTAL</td>
<td>$386</td>
<td>$756</td>
<td>$1,135</td>
<td>$1,522</td>
<td>$2,306</td>
<td>$6,105</td>
</tr>
</tbody>
</table>

| Total Savings ($ Billions)                        | $.9B | $1.5B | $2.2B | $2.5B | $3.2 | $10.3B |

<table>
<thead>
<tr>
<th>DLA Reducing Total Costs (10% in 5 Years)</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Strategy To Get There “BIG IDEAS”

- **Culture of Judiciousness**
- **Strategic Network Optimization**
  - Less and harder working inventory, less infrastructure
- **Acquisition**
  - Prime Vendor, Reverse Auction, EMALL, Long Term Contracts, Shorten Production Lead Times
- **BRAC “Day 3”**
  - Improve effectiveness and efficiency at DLA industrial sites
  - Single National Inventory
- **Fuel strategy...$20B in savings...Big $$...Big Opportunity**
- **Audit readiness – drive out waste**
- **Excellence in inventory management**
“BIG IDEAS”
Strategy - Acquisition

- Maximize
  - Long Term Contracts
  - Tailored Logistics Support
  - Performance Based Logistics
  - Automated Buys
- Minimize manual buys
- Improve Small Business Focus
- Maximum use of Reverse Auctions as pricing tool