STRATEGIC GUIDANCE

MILITARY
- Smaller
- Leaner
- Technologically Advanced

CAPABILITY
- Quickly confront and defeat aggression from any adversary – anywhere, anytime

PROTECT & PRIORITIZE
- Key investments in technology and new capabilities

REBALANCE GLOBAL POSTURE
Include:
- Asia-Pacific
- Middle East

DIPLOMACY
- Build innovative partnerships
- Strengthen key alliances & partnerships from Europe to Latin America to Africa
Current Operations

RAPID ACQUISITION

RESPONSIVE LOGISTICS
Federal Spending Trends
1962 to 2020

DoD Budget Outlook
FY12 & FY13

Planned spending based on FY13 budget
Planned spending contained in FY12 budget
(In billions of dollars)

SOURCE: Office of Management and Budget of the United States Government FY2011 data

SOURCE: U.S. Dept. Defense
Better Buying Power

- Reduce Bureaucracy
- Improve Tradecraft
- Incentivize Productivity
- Target Affordability
- Promote Competition
Better Buying Power – Services

$ 200 B
FY2011

- **Research & Development**
  - ($ 38.5 B, 19%)

- **Knowledge Based Services**
  - ($ 52.5 B, 26%)

- **Equipment Related Services**
  - ($ 17.4 B, 9%)

- **Electronics & Communications**
  - ($ 19.2 B, 10%)

- **Facilities Related Services**
  - ($28.2 B, 14%)

- **Transportation Services**
  - ($ 9.7 B, 5%)

- **Medical Services**
  - ($ 13.8 B, 7%)

- **Construction Services**
  - ($19.3 B, 10%)
Better Buying Power – Affordability

- Mandate Affordability
- Implement Should Cost
  - Eliminate Redundancy
  - Achieve Stable and Economical production rates
  - Manage Program Timelines
Improving Partnerships

- Change processes
- Buy more of what we really use
- Manage supply chain vice transactions
- Drive down cost of operations
- Consolidate buying power
- Lower costs borne by the Government

These capabilities will strengthen Government – Industry partnerships and create more agile and synchronized supply chains.
Agile and Synchronized Supply Chains enjoy ...

- **Adaptability:** Adjust and meet changing mission requirements

- **Innovation:** Generate and use new ideas, methodologies and technologies

- **Collaboration:** Leverage internal and external knowledge and resources to support the mission

- **Visibility:** Create and maintain transparency to enhance fact-based decision making

- **Velocity:** Recognize and respond with the requisite tempo to new circumstances and events
Industrial Base

- Industry is part of DoD's Total Force Structure
- Must produce affordable and sustainable programs
- DoD is proactively analyzing risks
- National security strength is directly tied to health of the industrial base
The DoD and Industry partnership requires more effective and efficient operational performance.

We have faced similar challenges in the past ... we need to learn from those experiences ... we must adapt to the new environment.

Change is required by the Government as well as Industry for both to be successful.

More work remains to become a more agile and synchronized supply chain.