

Industry Perspective

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Logistics: A Key Enabler



Photo Courtesy of DoD

- **Historically, logistics and supply chain management make a difference**
 - Hannibal
 - Napoleon
- **Constantly searching to improve effectiveness and efficiency**
 - Faster, better and cheaper
- **Today, affordability is a national security imperative**
- **Better Buying Power 2.0**
 - “Do more without more”

Challenging Times

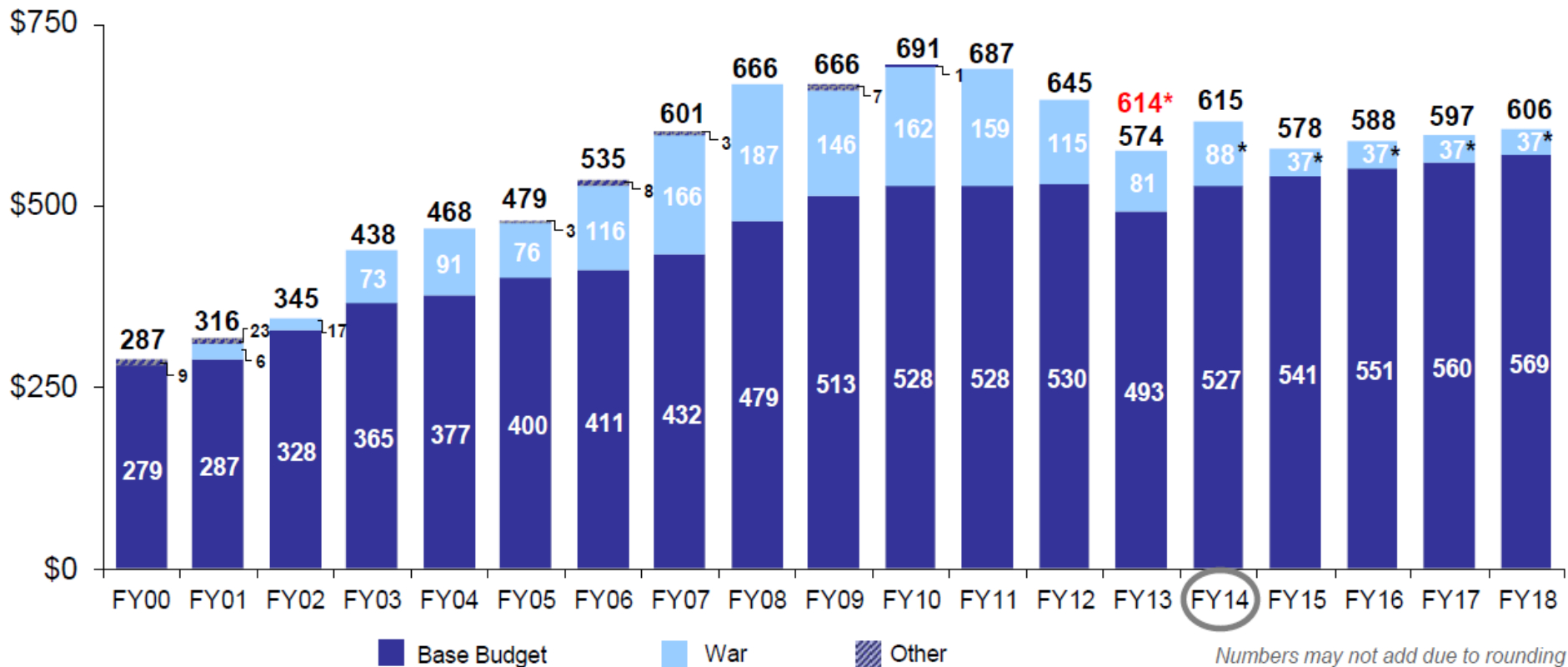


- **Sequestration**
- **President's FY 14 Budget**
- **New leadership at DoD**
 - **Sec. Hagel's 3 questions**
 - **Does this help protect national security?**
 - **Is this in America's strategic interests?**
 - **Is this worthy of the service and sacrifice of our men and women in uniform?**

Budget Outlook

Budget Totals in President's FY 2014 Budget Request DoD Topline, FY 2000 – FY 2018

(Current Dollars in Billions)



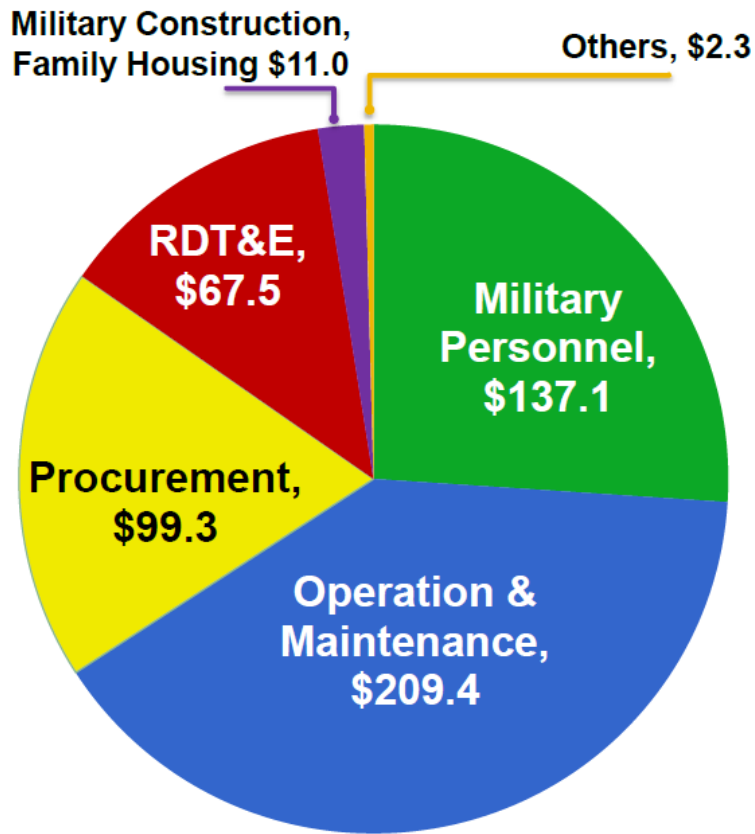
Numbers may not add due to rounding

* Reflects FY13 PB level without Sequestration

* Placeholder levels

FY 2014 President's Budget

Base Budget



- **Total DoD Budget Request \$526.6 Billion**
- **O&M 40 percent of the total**
- **20 percent reduction from 2013 request**

Historical Lessons



- **Been through downturns before**
- **1990s: End of Cold War**
- **Today: After decade of war**
- **Major O&M decisions need to be made**
 - **Will create opportunities**

DOD Drivers



- **Total life-cycle and ownership costs**
- **Joint Force 2020**
 - **Small-footprint capabilities**
 - **Cyber**
 - **Special Ops**
 - **Space**
 - **ISR**
- **Better Buying Power 2.0**



- **Reduce redundancy**
- **Leverage technology across multiple programs**
 - **Aegis**
 - **Increases interoperability**
 - **Reduces sustainment costs**



Photo Courtesy of DoD

- **Performance Based Logistics**
 - **OSD/Deloitte Study**
 - **Navy Tires**
 - **Increase readiness, reduce costs**
 - **Potential win-win**



Photo Courtesy of DoD

- **Turnkey Operations**
 - Singapore Basic Wings
- **Smart Competition**
 - Makes customers, industry better
- **Public-Private Partnerships**
 - Leverage government infrastructure, industry innovation

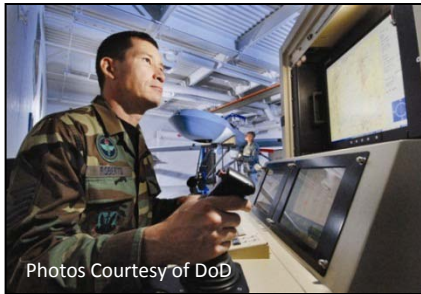
Maintain Readiness



Photos Courtesy of DoD

- **Enemies looking for opportunities**
- **U.S. must respond quickly**
 - 24-hour news cycle
- **Industry must be ready to support**
 - Supply support
 - Field-level maintenance
 - Depot-level maintenance
 - Training
- **Further cuts would present challenges**
 - Must extend life of existing equipment

Technology Solutions



Photos Courtesy of DoD

- **Technology provides enormous opportunities**
- **Innovation reduces cost**
 - Diagnostic software
 - Automated equipment
 - Training systems

Diagnostic Software



- **Turns major overhauls into routine repairs**
 - Eliminates costly bills
 - Keeps asset deployed
 - Reduces manpower
- **Littoral Combat Ship**
 - Systems support smaller crew
 - Predicts potential problems
 - Reduces lifecycle maintenance

Automated Systems



- **Unmanned systems reduce costs**
- **Save lives**
 - **K-MAX unmanned cargo helicopter**
 - **Removes convoys from dangerous roads**

Training Systems



- **More affordable training**
- **Reduces wear and tear on equipment**
- **F-35 comprehensive training**
 - **Pilots, maintenance crews**
 - **Reduces learning curve**

Rising to the Challenge



- **Working together, industry, government can:**
 - **Develop innovative, affordable solutions**
 - **Reduce costs**
 - **Pass the Sec. Hagel test.**
 - **They will help protect national security.**
 - **They will be in America's strategic interest.**
 - **And they will be worthy of the service and sacrifice of our men and women in uniform.**