Industry Perspective

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Logistics: A Key Enabler

- 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
  o 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)

NDIA
National Defense Industrial Association

* Reflects FY13 PB level without Sequestration

* Placeholder levels

Numbers may not add due to rounding
FY 2014 President’s 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

Photos Courtesy of DoD
DOD Drivers

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

- Reduce redundancy
- Leverage technology across multiple programs
  - Aegis
    - Increases interoperability
    - Reduces sustainment costs
Innovative, Affordable Solutions

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

Photo Courtesy of DoD
Innovative, Affordable Solutions

• Turnkey Operations
  o Singapore Basic Wings

• Smart Competition
  o Makes customers, industry better

• Public-Private Partnerships
  o Leverage government infrastructure, industry innovation
Maintain Readiness

- 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

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

Photos Courtesy of DoD
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
  o K-MAX unmanned cargo helicopter
    o Removes convoys from dangerous roads

Photo Courtesy of USMC
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.