

End-to-End Supply Chain

- **Premise:**

The Department of Defense relies on a complex, global supply chain to meet warfighter requirements. Current severe fiscal constraints and a future austere budgetary environment threaten the level of support to the warfighter and sustainment of a viable logistics industrial base.

- **Challenge:**

Improve affordability, responsiveness and customer service within the End-to-End Supply Chain.

Panelists

Moderator: Mr. M. Scott Reynolds – *Deputy Assistant Secretary of the Air Force (Logistics)*



Mr. Don Ward – *Director, PricewaterhouseCoopers Advisory*



MajGen Michael Dana, USMC – *Assistant Deputy Commandant for Installations and Logistics (Plans), HQMC*



Ms. Janet Gohman – *Director, Global Supply Chain Services, Lockheed Martin Corporation*



Mr. Randy Strong – *Market Executive – C4, SAIC*



Mr. Jeffery Orner – *Chief Readiness Support Officer, U.S. Department of Homeland Security*



Government and industry continue to close the gap to make the government a more reliable trading partner

We continue to see a misalignment between the government supply practices and the industrial supply chain

• Government

- Manages individual items – sometimes redundantly among services
- Frequently cancels or significantly modifies large orders
- Periodicity of orders does not always coincide with production schedules
- Government pack

• Industry

- Production methods do not always accommodate individual item orders
- Production is driven by sales expectations
- Production schedules do not always accommodate rapid re-tooling
- Commercial pack
- Payment terms with the government vary by industry



OEF

Then

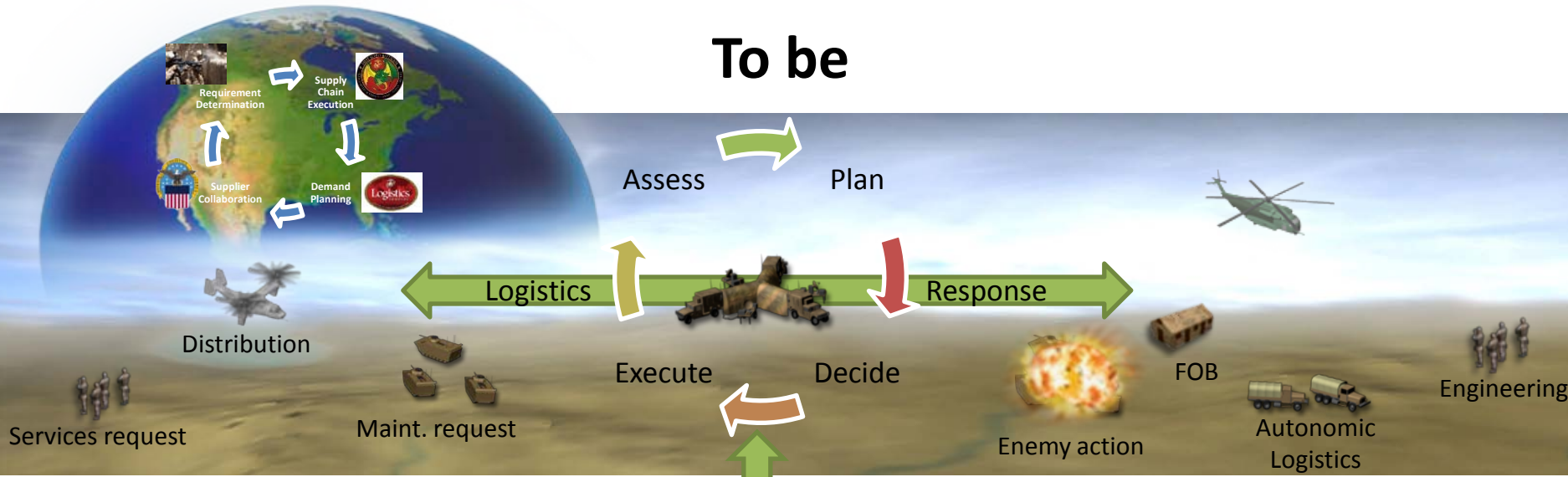


Containers: 971
Items: 1,297,862
Value: \$115M



WWII Okinawa

To be



Sensitized Battlefield constantly feeding information to the Logistician

Trends Affecting the Supply Chain

- **Cost Drivers**

- Line by Line Pricing vs Market Basket
- Duplicative Services
- Micro-management of PBLs and NSN Add Process
- Short runway no flexibility in pricing

- **Market Trends**

- Exclusive TAs among 2nd and 3rd tier suppliers
- Small Business Viability
- Change the Law in regards to 1st Tier SBs



DoD Supply Chain Affordability, Responsiveness, and Customer Service – Industry Insights

- **Customer Service**

- Call Centers work – most field problems are training related
- Collapse Tier 1/2/3 (to the degree possible provide one stop service)
- Expand use of the web to focus efforts (cyber security is still essential)

- **Responsiveness**

- If you will share your demand history with us, we can support you better
- Cost becomes more important as OPTEMPO and demands decline
- Maintain a total cost perspective (transportation costs will be scrutinized but slow deliveries can rapidly increase inventory costs)
- Multifunctional field service representatives are more efficient than single system support

- **Affordability**

- Inventory Reduction
 - Don't throw away the small, cheap stuff
 - Especially don't throw away the long lead items
 - Don't throw away the stuff you will need for a surge
 - Don't hold inventory that is readily available commercially
 - There's still a lot left to reduce

- **Global Supply Chain Strategy**
- **Strategic Sourcing**
 - Improved operating efficiencies
 - Improved supply management
 - Change in consumption volume
 - Reduction in costs per unit
- **Cloud Logistics**
 - Access to capability vs. ownership
 - We want to manage suppliers, not supplies
 - We will identify best provider of services in government and industry
- **DHS has two kinds of logistics**
 - Assets & Infrastructure
 - Entities like FEMA that move "lots of just in time stuff"



Questions?