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
Sensitized Battlefield constantly feeding information to the Logistician

**Then**

**WWII Okinawa**

**OEF**

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

**To be**

Assess → Plan → Execute → Decide → Response

Logistics

Services request
Maint. request

Distribution

Supply Chain Execution

Requiremt Determination
Supplier Collaboration
Demand Planning

Enemy action

Autonomic Logistics

FOB

Engineering

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
DHS Logistics

“Achieving Affordable Readiness”

- 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?