



# DoD Logistics in Transition

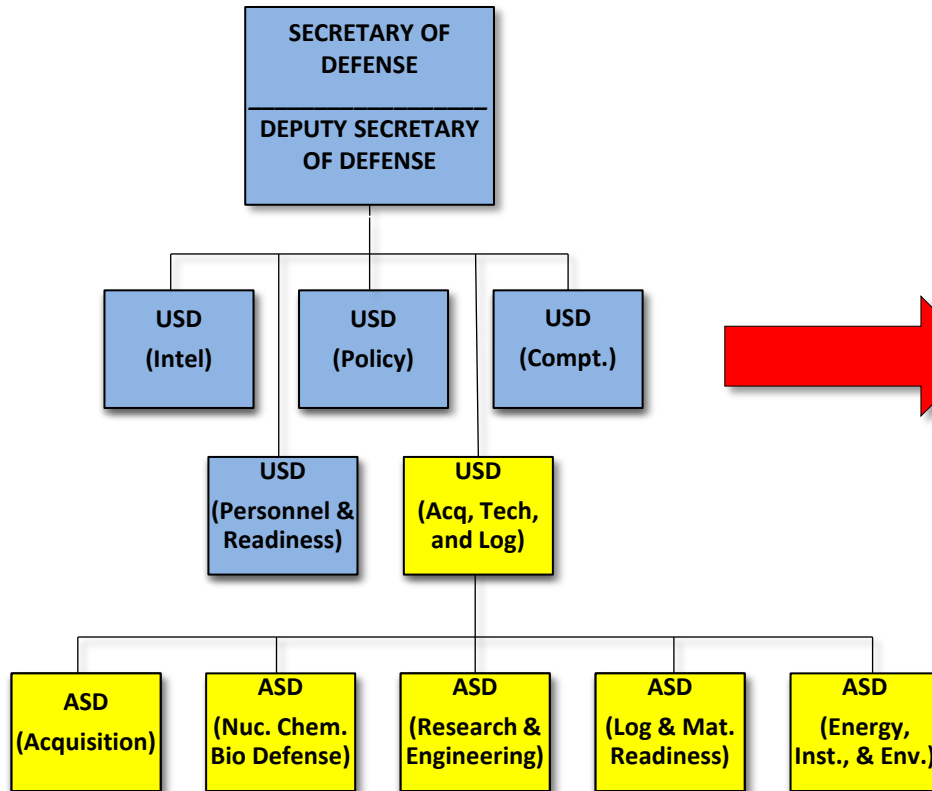
## April 19, 2017

Ms. Kristin K. French  
Acting Assistant Secretary of Defense  
Logistics and Materiel Readiness

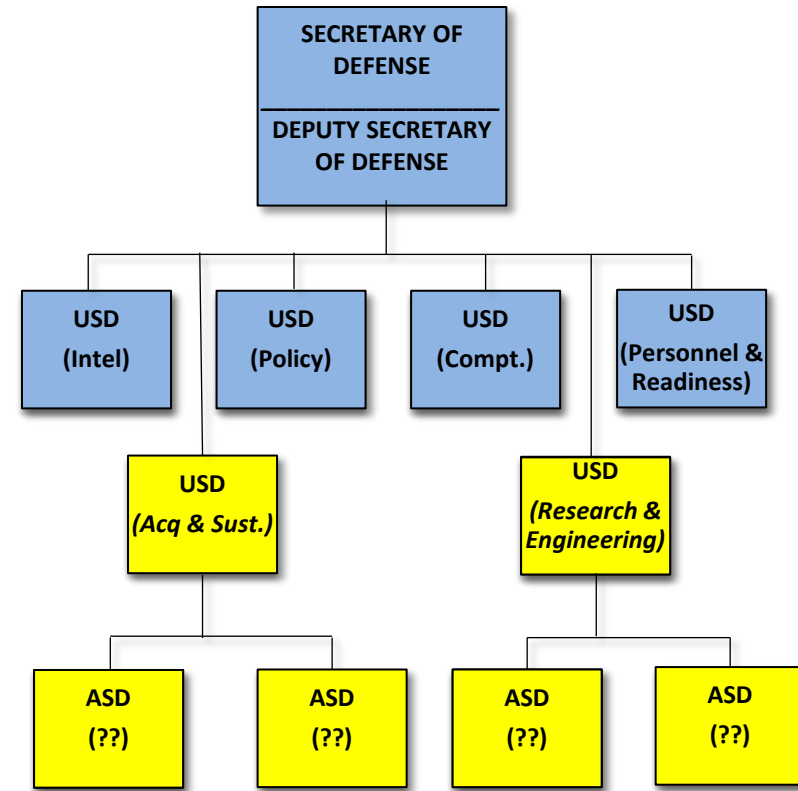


# FY 2017 NDAA Re-organization

*Current Organization of the Office of the Secretary of Defense*



*FY 2017 NDAA Sec. 901.  
Effective February 1, 2018*





# SECDEF #1 Priority: Readiness

*“Readiness and modernization have also been casualties of reduced funding in a threat environment that demands continued engagement.”*

Secretary of Defense Jim Mattis  
Advance Policy Questions, 2017



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MEMORANDUM FOR: SEE DISTRIBUTION

JAN 31 2017

SUBJECT: Implementation Guidance for Budget Directives in the National Security  
Presidential Memorandum on Rebuilding the U.S. Armed Forces

In furtherance of the National Security Presidential Memorandum on Rebuilding the U.S. Armed Forces, issued on January 27, 2017, this memorandum provides my initial guidance for strengthening the U.S. Armed Forces through a Fiscal Year (FY) 2017 budget amendment, the FY 2018 President's Budget request, and the FY 2019-2023 Defense Program.

The President and I are committed to strengthening the U.S. Armed Forces, and the Department will approach the task in a campaign of three phases:

1. Improve warfighting readiness
2. Achieve program balance by addressing pressing shortfalls
3. Build a larger, more capable, and more lethal joint force

The ultimate objective is to build a larger, more capable, and more lethal joint force, driven by a new National Defense Strategy. Phases one and two are intermediate objectives, but we should be working towards the ultimate phase three goal throughout the process.

#### Phase I: Improve Warfighting Readiness – the FY 2017 Budget Amendment

To address immediate and serious readiness challenges, we will prepare an FY 2017 budget amendment request. The amendment will address urgent warfighting readiness shortfalls across the joint force, and new requirements driven by acceleration of the campaign against ISIS. The amendment may increase force structure in critical areas where doing so would have an immediate readiness impact. The amendment will also include offsets from lower priority programs where appropriate, but will be a net increase over the FY 2017 topline requested by the previous Administration.

The Deputy Secretary will manage the review process and make a recommendation to me on the budget amendment request. We will deliver the Department's budget amendment request to the Office of Management and Budget (OMB) no later than March 1, 2017.



OSD001207-17/GM0001480-17



# DoD Logistics is Big Business

## The DoD Supply Chain is its Materiel Pipeline

### Annual budget (FY 15)

- \$ 71.6 billion in maintenance
- \$ 56.9 billion in supply
- \$ 16.6 billion in transportation
- \$145.0 billion total logistics costs

### Operational resources (FY15)

- 100,000 suppliers
- 80,000+ requisitions per day
- \$93.47B inventory/4.7M items (September FY15)

**DoD  
Logistics**

### \$630.0 billion in assets (FY15)

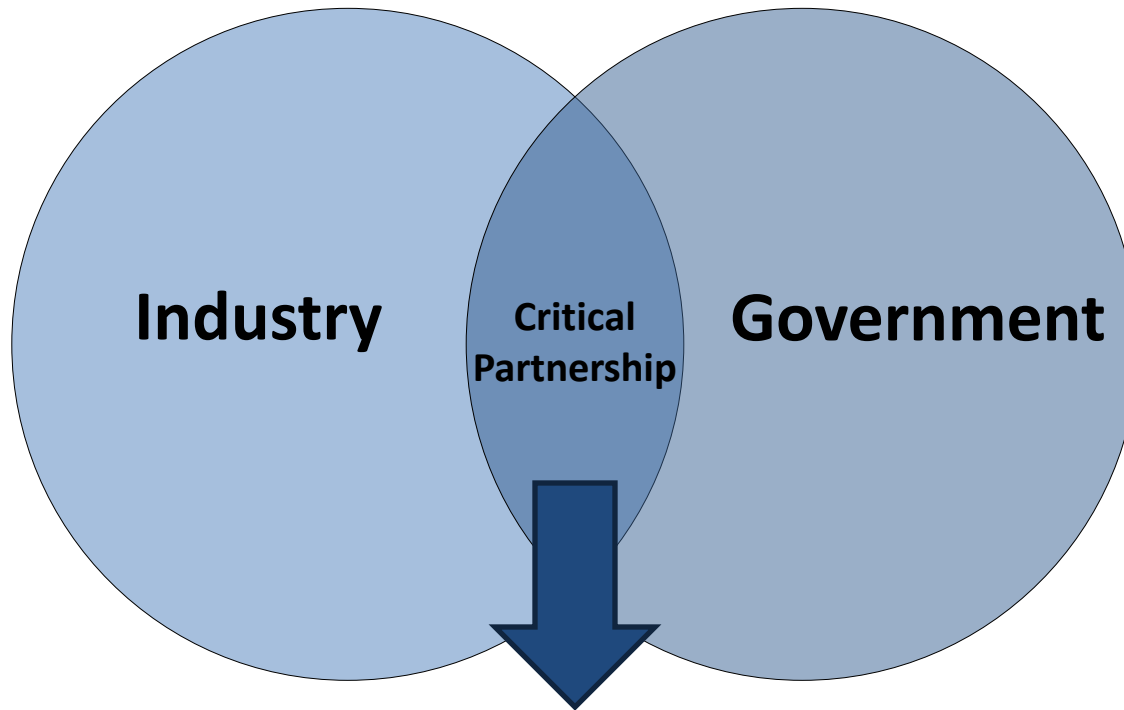
- 284 ships
- 14,597 aircraft
- 31,900 combat vehicles
- 391,520 ground vehicles

### Logistics operating locations (FY15)

- 17 maintenance depots
- 24 distribution depots (global)
- 49,820+ customer sites
- Worldwide air and seaports



# Closing Comments



**Improved Warfighting Capability**

