



# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



## Acquisition Insight Days

DLA Perspectives on Life Cycle Management

June 15, 2016



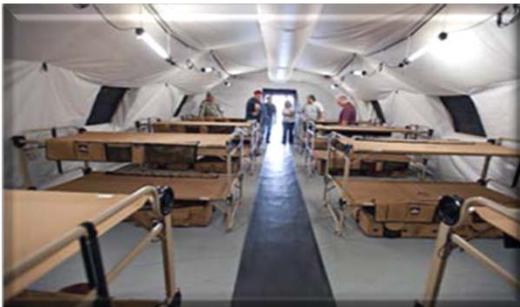
# DLA Support



- **FY15 sales/revenue of \$38B**
  - #89 if included on the Fortune 500 list
  - Located in 48 States/28 Countries
  - 99.2M Barrels of Fuel sold in FY14...101.8M Barrels in FY15
  - Reused, transferred, donated, and disposed almost \$33B in FY15
  - FY 16 projected sales/services... \$34.4B
- **A “Day in the Life” of DLA**
  - 9,000 procurement actions
  - 50,000 receipts and issues
  - 104,800 orders
  - 12M gallons of fuel issued

## Business Breakdown

- Energy: 39%
- Supply Chain Management: 56%
  - 64% Troop Support
  - 36% Hardware Support
- Services: 5%



**DLA Mission:** Provide effective and efficient global solutions to Warfighters and our other valued customers

***We are...America's Combat Support Agency***



DELIVER THE RIGHT SOLUTION ON TIME, EVERY TIME

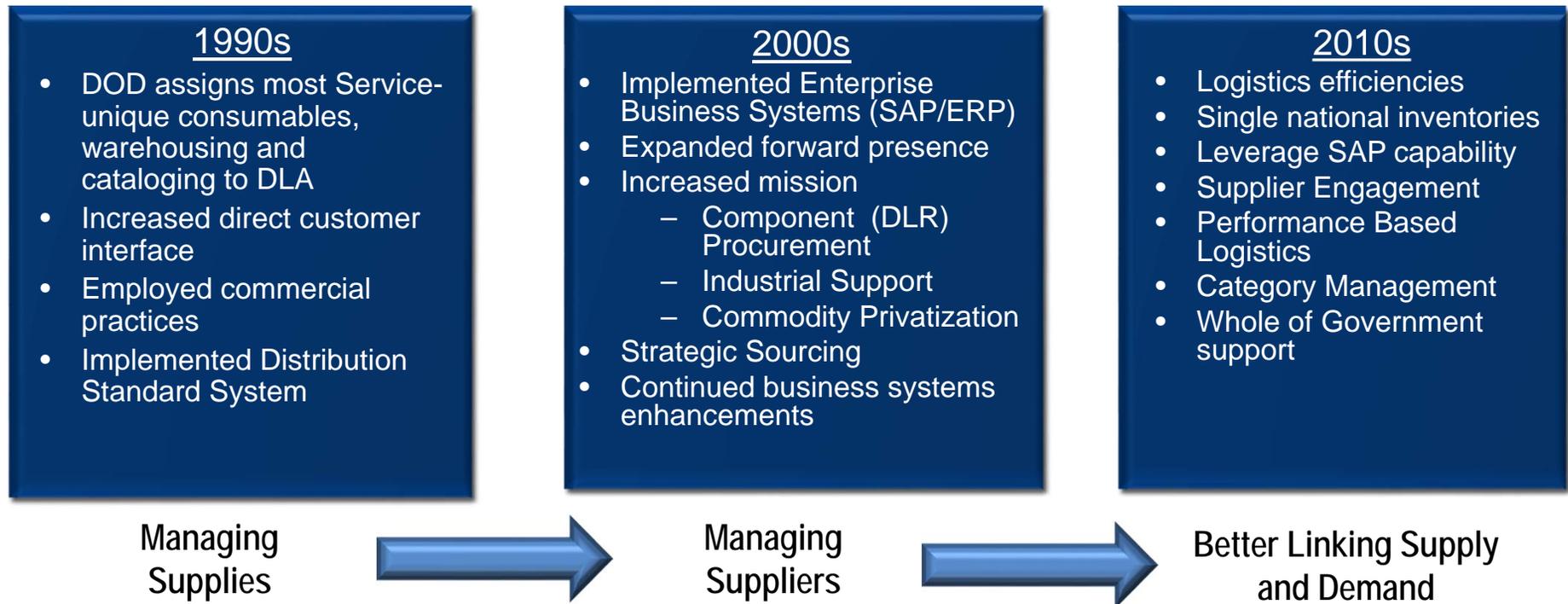
# DLA Strategy





# Transformation & Growth

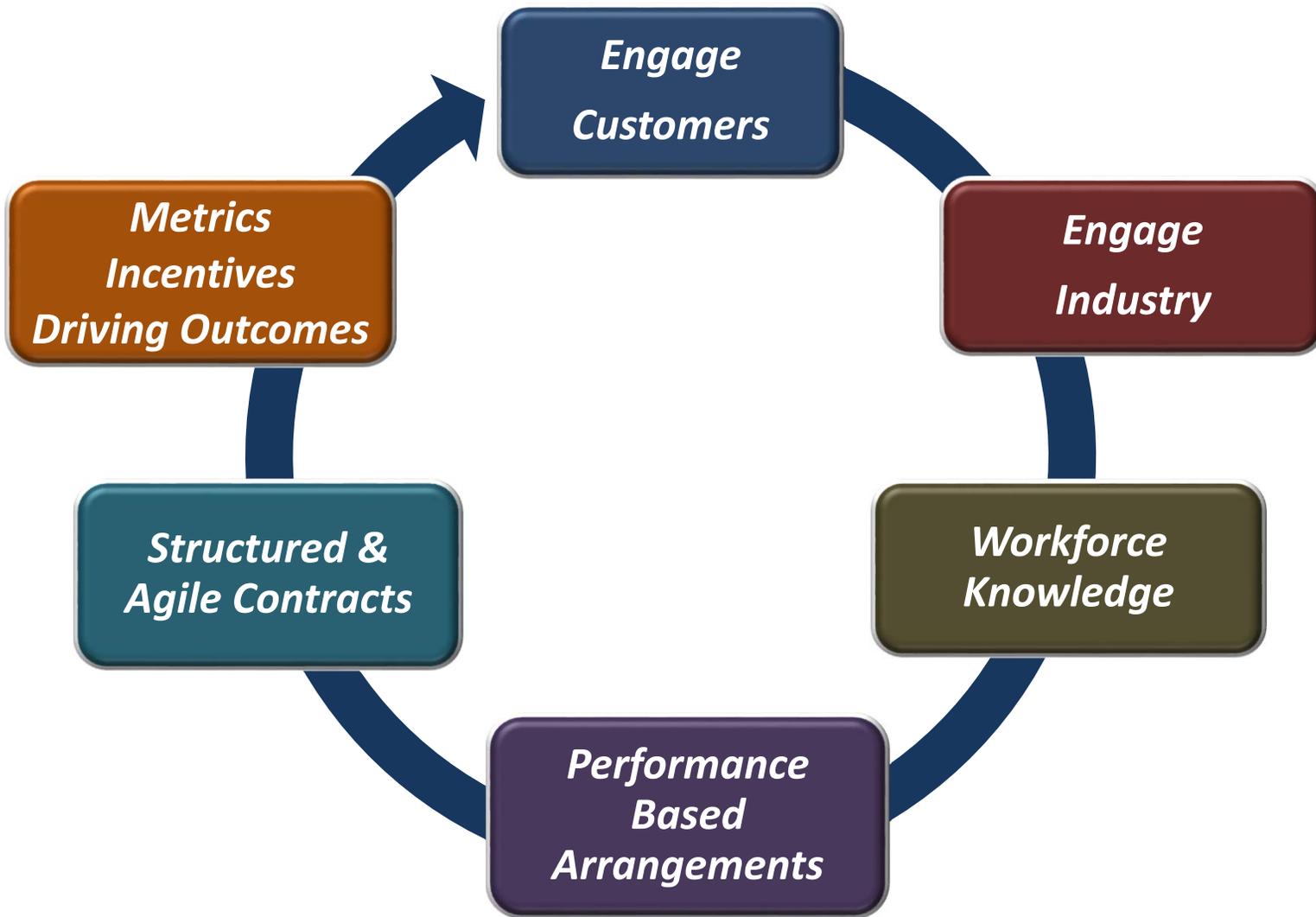
Integrating functions to enhance EFFECTIVENESS and EFFICIENCY



***“We need to ensure our workforce is trained to lead and serve in the “PBL era.” We are no longer a parts store, we need to broaden out impact and become central to the Military Services’ product support strategies.”***



# DLA Sustainment Excellence





# Driving Outcome Based Solutions

**Tailored Solutions....Highly Agile & Flexible**  
*“Contracts expandable beyond parts support”*

- MilSrv Driven Requirements
- Expansive Life Cycle Support
- Repair of Repairables
- Performance Based Outcomes

**Broad Contractual/Financial Framework**  
*“Innovative ideas....find ways to make it work”*

- Leverage Strategic Supplier Alliances
- Incentivize Investment in Innovation
- Cost Reduction Initiatives
- Flexible funding & Payment Options

**Evolutionary**  
*“Expand Capabilities...Achieve Customer Needs”*

- Continuous Evolution of Service Needs
- All Stakeholders Have a Role
- Seeking Further Innovative Ideas
- Metrics Must be Tied to PB Outcomes

**Future Vision**  
*“Achieve Future Demands Through Partnerships”*

- Maintain Flexible State
- Increase Scope and Resources
- Increase Value Added Partnerships
- Expand Opportunities



# Customer Strategic Engagement

## Achieve Warfighter Requirements

- Agile & Evolutionary
- Assure Baseline Conditions
- Appropriate Strategy
- Adaptive Strategy
- Adjust to Discrete Requirements

## Arrangement Terms and Conditions

- Planned Flexibility
- Manage Unforeseen Issues
- Data Sources & Integration
- Drive Innovation
- Incentives and Penalties



## Life Cycle Sustainment Metrics

- Cost, Sched., & Perf. Objectives
- Reliability, Availability, & SCM
- Clear & Understood
- Drive Correct Behaviors
- Directly Linked to Outcomes



DELIVER THE RIGHT SOLUTION ON TIME, EVERY TIME

# Industry Strategic Engagement

## Supplier Alliances

- OEM Engagement
- Solution Based
- Shared Information
- Enhance Processes
- Commitments



## Execution

- Logistics Portfolio
- SCM Functions
- Engineering Support
- Repair of Repairables
- Emergent Needs



**Pratt & Whitney**

A United Technologies Company



## Public Private Partnerships

- Industry Involvement
- Organic Infrastructure
- Collaborative Relationship
- Workshare Arrangements
- Leverage Resources



**BAE SYSTEMS**

INSPIRED WORK

**Honeywell**



# Structured Strategy & Contract

	INITIATIVES	ATTRIBUTES
<b>Phase 4 and Beyond</b>	PBL Arrangement	Multiple Depots & Platforms Repair of Repairables Public Private Partnerships Configuration Management Reliability & Availability Metrics
<b>Phase 3</b>	Performance Based Platform Support	Expands SCM & Engineering Services Process Improvement Services Standup PBL Initiatives Through PB Arrangements Other Services
<b>Phase 2</b>	Depot Support AF Needs	Add SCM Services Add Other OEM Items
<b>Phase 1</b>	Performance Based Material Support	OEM Sole Source Spares Evolving & Flexible Strategies/Metrics Demand Category Pricing Terms and Conditions

***Evolutionary/Flexible....Adapts to Customer Requirements***



DELIVER THE RIGHT SOLUTION ON TIME, EVERY TIME



- Global Solutions
- Migrates from Spares Provider to Mgr of Full SCM
- Long Term Flexible and Discrete Arrangements
- T&Cs Established Prior To Adding Items
- FFP and FP Incentivized Pricing
- Annual DOs with Monthly Payments



KC-46



C-17

- Supporting Multiple Platforms
- Achieve Operational Readiness
- Performance Based Material Support
- Performance Based Depot Support
- Phased Approach (Elements Within Phases)
- Reduced Transactional Processing



# Honeywell - Enterprise PBL

## PBL Acquisition Strategy

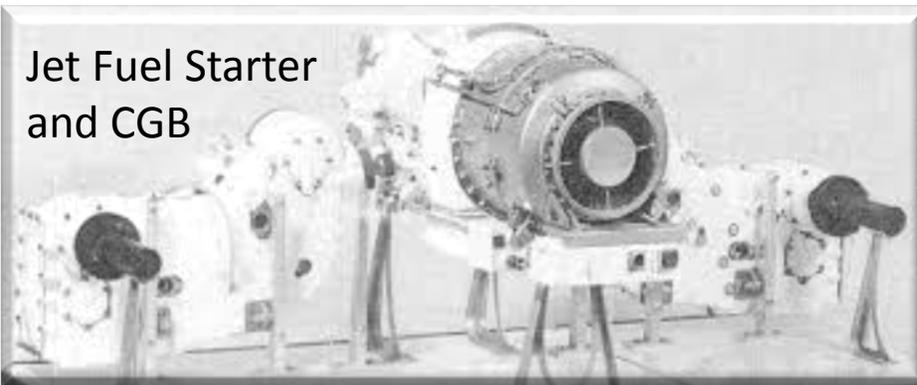
- Joint Acquisition
- Streamlined Process Opportunities
- Incentivizes Innovation & Investment
- Metrics Directly Tied to Outcomes
- SRT & Reliability Metrics
- Utilizes Organic Depots
- USAF, 10-Year FFP, Est. <\$1B



## Expected Benefits

- Cost Reduction
- Best Commercial Practices
- Reliability Improvements
- Reduced Inventory
- Obsolescence Management
- Shorter Response Time
- Streamlined Supply Chain

Jet Fuel Starter  
and CGB





# Workforce Knowledge

## Workforce Knowledge

- Life Cycle Approach/Outcome
- Understanding Sustainment
- Integrate and Synchronize Activities
- Understand Operational Metrics
- Relationship & Competing Interests
- Lessons Learned & Cross Talk
- DLA/MilSrv Cross Communication



## Workforce Development

- Increase DLA PM Base
- Develop Skillsets
- Career Path Outlook
- Increase LCL Support Knowledge
- Develop Culture
- Change Management
- Acquire Contractor Support



# Summary

- Engage with Industry and Mil Services
- Create Evolutionary Contract Strategies
- Incentivize Innovation & Investment
- Link PB Metrics to Outcomes
- Build Partnering Relationships
- Expand Workforce Knowledge

# DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



WARFIGHTER SUPPORT

STEWARDSHIP EXCELLENCE

WORKFORCE DEVELOPMENT