



The Warfighter's Logician

RFID...

A Tool for 21st Century Distribution

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Right Item, Right Time, Right Place, Right Price, Every Time...
Best Value Solutions For America's Warfighter



Agenda

The Warfighter's Logician

- ✓ **DLA Overview**
- ✓ **DLA Transformation**
- ✓ **Distribution Initiatives**
- ✓ **DLA's RFID Approach**



The DLA Enterprise

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FY 03 Sales/Services: \$25B
FY 04 Sales/Services: \$28B
FY 05 Projection: \$28.7B

- Land/Maritime/Missiles: \$ 2.7B
- Aviation: \$ 3.4B
- Troop Support: \$11.9B
- Energy: \$ 7.0B
- Distribution: \$ 2.6B
- Other: \$ 1.1B

- ~95% of Services' repair parts
- 100% of Services' subsistence, fuels, medical, clothing & textile, construction & barrier materiel

Foreign Military Sales

- Sales: \$813.8M
- Shipments: 501K
- Supporting 124 Nations

Scope of Business

- 45,000 Requisitions/Day
- 8,200 Contracts/Day
- #55 Fortune 500 – All
- #2 in Top 50 Distributors
- 25 Distribution Depots
- 5.2 Million Items
- **24.7M Annual Receipts and Issues**
- 1411 Weapon Systems Supported
- 144.0M Barrels Fuel Sold (FY 04)
- \$14.6B Annual Reutilizations/Disposals

RFID example...

41K "pure pallets" shipped to SW Asia with active tags!

People

- 21,429 Civilians
- 528 Active Duty Military
- 615 Reserve Military
- Located in 48 States/28 Countries



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✓ **Distribution Initiatives**

✓ **RFID Objectives, Status & Way Ahead**

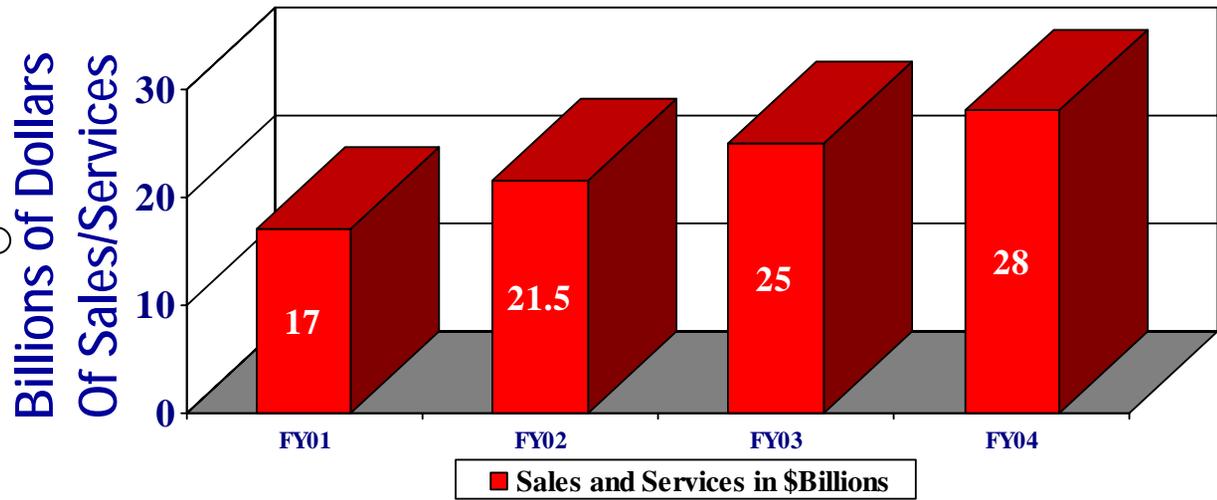


DLA Transition...

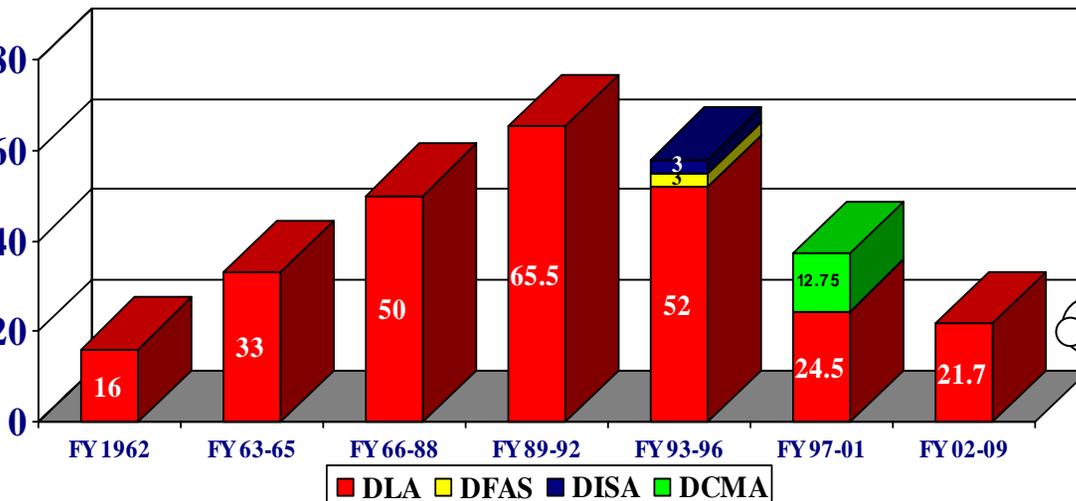
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...Leaner...More Productive

From '01-'04,
Sales and
Services
grew by
70%...



Civilian & Military Personnel
(# In Thousands)



...while
personnel levels
fell to their
**lowest since
1963 ...12%
below DPG**



Transformation Strategy

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- **Fundamentally Changing Our Business Model to Dramatically Increase Support to the Warfighter**
 - Redefining our Link to the Customer
 - Becoming a Seamless Partner in the Overall Supply Chain
 - Integrating Supply Chains to Meet Future Materiel Requirements
- **10 Major Transformational Initiatives**
- **\$1 Billion+ Investment Committed**
- **\$3 Billion Net Savings Committed for Return to the Services**

RFID...a tool for transformation





Transformation Initiatives

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Business Systems Modernization (BSM)
National Inventory Management Strategy
Distribution Planning Management System
Integrated Data Environment
Customer Relationship Management
Executive Agency
Global Stock (Fwd) Positioning
Work Force Transformation
Supplier Relationship Management
Fuels Automated System

Warfighter Focus

**RFID
Impact!**

1998



2009



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Fixed Base Forward Stocks

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**RFID
Infrastructure
In place!**

<u>Location</u>	<u>Actual # of Lines</u>	<u>Projected # of Lines</u>
Germersheim	28,000	28,000
Pearl Harbor	9,300	9,300
Sigonella	4,300	4,300
Yokosuka	18,500	18,500
Guam	2,100	2,100
Kuwait	5,400	40,000
Korea	300	14,900

<u>Annual Requisitions</u>	
Germersheim	1,202,000
Pearl Harbor	126,296
Yokosuka	130,500

<u>Projected Yearly Reqn</u>	
Sigonella	105,000
Kuwait	609,000
Guam	77,000
Korea	200,000

Pearl Harbor



Germersheim



Sigonella



Kuwait



Korea



Yokosuka



Guam



<u>DDKS STATS</u>
• 73,711 MRO's processed
• 24.9M lbs shipped
• 5,412 line items available
• \$48.3M cost avoidance realized

 **OCONUS Depots**

FY 04 – 11
\$464.3 Million Net Cost Avoidance

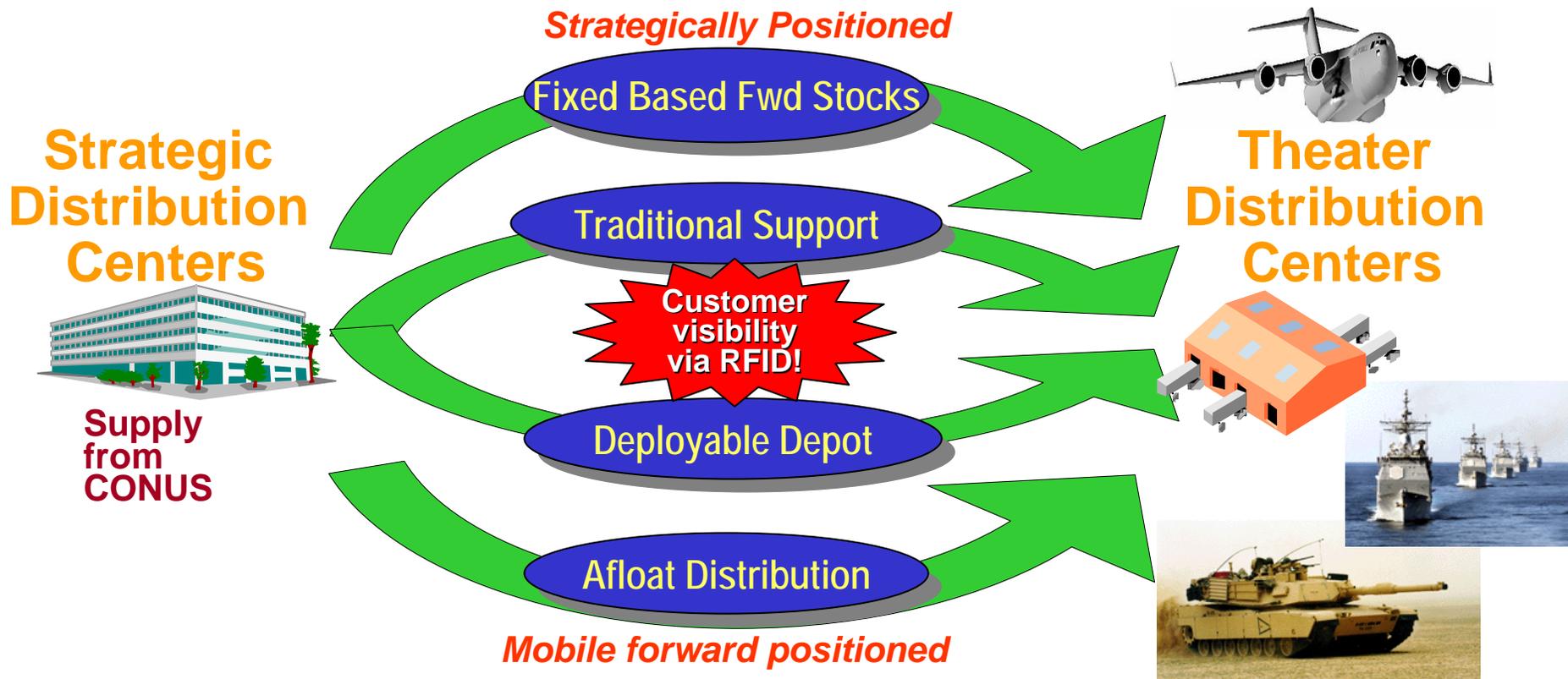


Global Stock Positioning

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Objectives

- Ready to support the warfighter
- Reduced demand on critical, limited airlift
- Enhanced in-theater distribution capabilities



A suite of capabilities to support the Warfighter



Integrated Distribution Strategy

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DEPLOYABLE Distribution Center
- Full Range of Systems Interfaces

INFRASTRUCTURE

MANNING

- Active Units from DLA
- Expansion thru
Contingency
Contracting



IT



DLA Afloat

Command & Control



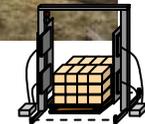
DLA Expertise



DLA Core Capabilities
Scalable / Deployable
Time Phased Inventory
Material Visibility
OPLAN & Joint Doctrine
Organization Structure
Infrastructure & Equipment

DEPOT

**Theater
Distribution**



RFID

INVENTORY

RFID



DDC

**Logistics
Common
Operating
Picture**



DLA



Surface
Distribution &
Deployment
Command



CENTCOM
Deployment/
Distribution
Center



Tactical
Supply
Units

**Logistics
Common
Operating
Picture**



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DLA RFID Objectives

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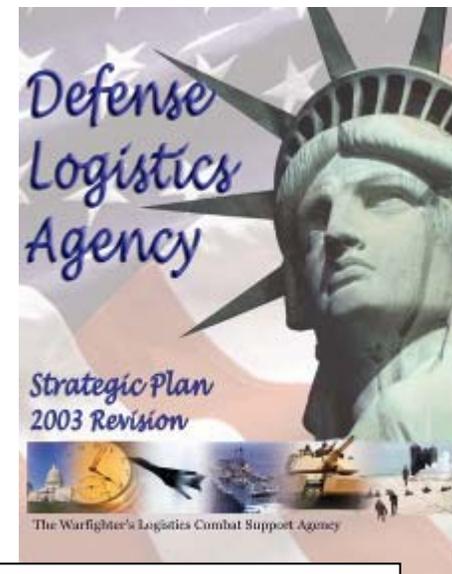
- Implement DOD Policy in DLA processes
- Facilitate a coordinated DOD supply chain
- Integrate RFID with existing and future logistics information systems
- Deploy a suite of RFID technology that provides initial capability and allows for future upgrades

Supplier Benefits

- Improve planning
- Improve asset visibility
- Reduce not in stock
- Faster payments

Customer Benefits

- Warfighter readiness
- Improve asset visibility
- Reduce inventory and shipping losses
- Reduce duplicate orders



Defense Logistics Agency Implementation Plan for Passive Radio Frequency Identification (Passive RFID)



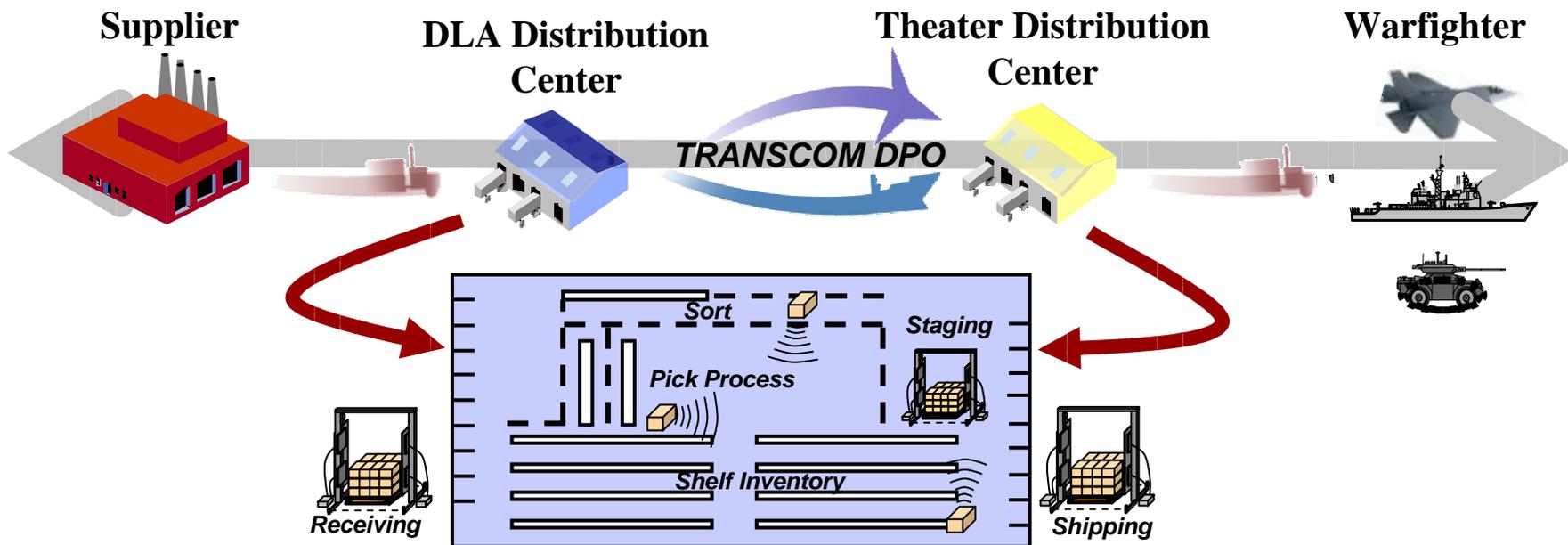
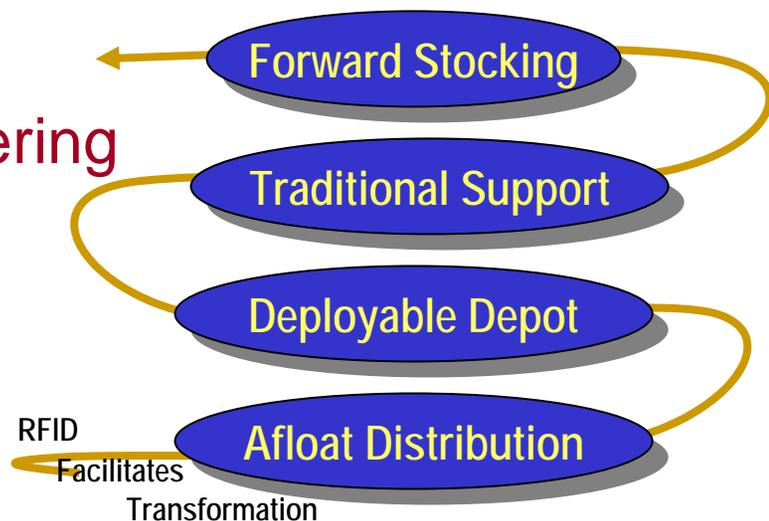
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RFID Enables DLA Distribution Initiatives

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Shift to commercial best practices through business process reengineering

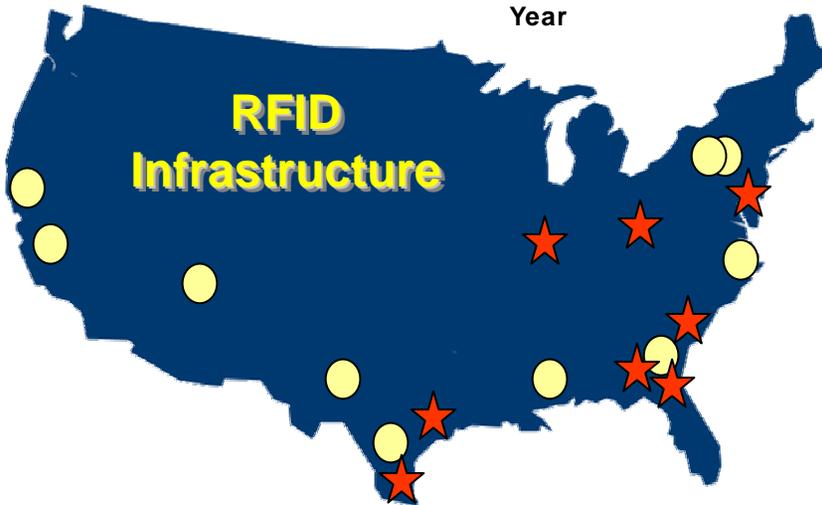
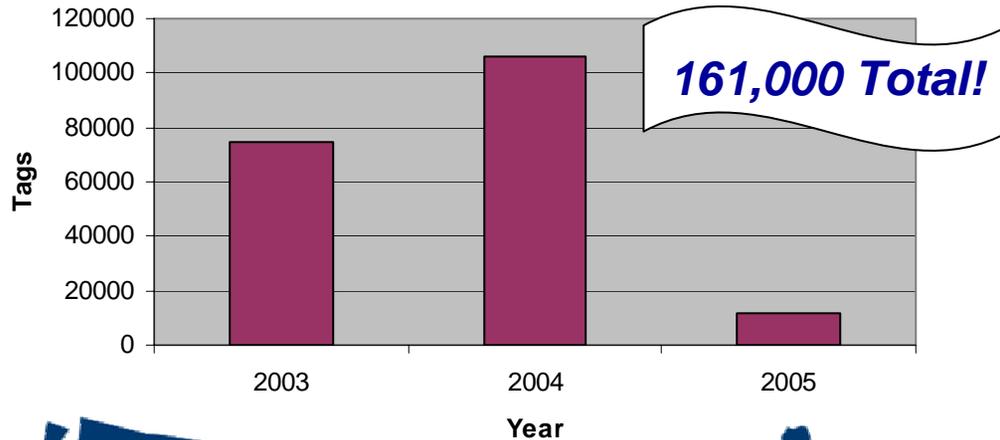
- Improves asset visibility
- Improves labor productivity
- Enhances logistics control
 - Combatant Commanders
 - Distribution Process Owner





Active RFID

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● - Distribution Centers

★ - Prime Vendors

- Mature DLA process
- Appropriate distribution centers and suppliers outfitted
- ITV link to Distribution Process Owner/operations centers
- Next generation tag development



Passive RFID

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- DLA met the USD(AT&L) policy rqmt
 - Completed Initial implementation at Distribution Depots Susquehanna and San Joaquin
 - Developed capability to receive EPC Class 0/1 tagged shipments
 - Integrated middleware with DLA warehousing system
 - Developed capability to ship tagged materiel



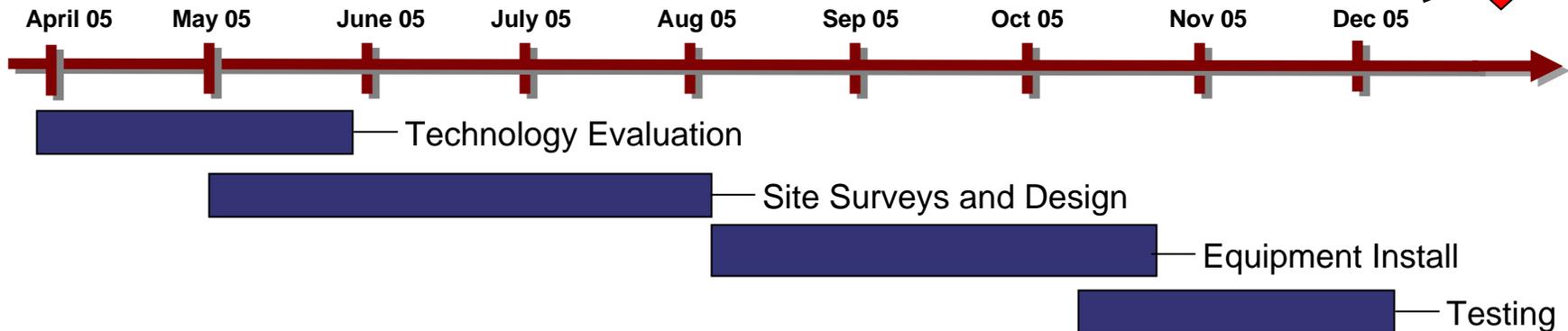
- Pending DFARS Rule
 - Working with “volunteer” suppliers GE Engines & Lockheed Martin
 - Welcome additional “volunteers”



Passive Way Ahead

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Estimated DLA CY 05 RFID Expansion Timeline



- Implementing passive RFID at 16 additional DLA sites
- Developing a training plan...suppliers/DLA/customers
- Conducting analysis and development
 - Intermodal transportation
 - Medical supply chain with sensors
 - Passive to active aggregation
- Working with DLA customers to send RFID tagged shipments



Summary

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- DLA initiatives meet tomorrow's Distribution Vision
- RFID a key enabling capability
- DLA's distribution initiatives support TRANSCOM as the DOD Distribution Process Owner

***Tomorrow's vision...smaller, more efficient,
leveraged with best business practices***



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Questions?