



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

SEP 03 2013

MEMORANDUM FOR DLA SUPPLIERS

Subject: Introduction to First Destination Transportation Initiative

I am writing to introduce the First Destination Transportation (FDT) initiative and how it will impact your company and the Department of Defense (DoD). Effective October 25, 2013, the vast majority of the Defense Logistics Agency's (DLA) solicitations and awards will require Free on Board (FOB) Origin in the contract language instead of FOB Destination. As you are aware, FOB origin assigns the government the responsibility for managing the transportation of materiel from our suppliers to either our military customers or DLA depots. This initiative is one of many in the ongoing re-engineering efforts by DoD to reduce costs and save tax payer dollars while sustaining readiness for our Warfighters.

FDT provides significant cost saving advantages to DoD and our critical supplier community. Under FDT, suppliers bid to provide materiel without regard to ship-to location and the cost of freight. Suppliers benefit by the elimination of: (1) freight invoice audit and payment functions, (2) carrier negotiations, (3) shipment tracing, and (4) the requirement for providing proof of delivery. By consolidating shipments and leveraging its scale in the transportation market, DoD benefits by substantially reducing its overall materiel costs. In these times of constrained federal budgets, it is imperative that we conserve our available financial resources to the maximum extent possible.

In order to participate in FDT, suppliers will tender their DoD shipments through a web-based portal called the Vendor Shipment Module (VSM). Registration is required to access this portal. Since the use of VSM will be mandatory on DLA contracts, I encourage suppliers to register as soon possible at: <https://vsm.distribution.dla.mil>. If you need further information or have questions about VSM, please send an email to: delivery@dla.mil or contact the Help Desk at 1-800- 456-5507, office hours are Monday – Friday, 6:00 a.m. to 5:30 p.m. EDT.

A handwritten signature in blue ink, reading "Nancy M. Heimbaugh", is positioned above the typed name.

NANCY M. HEIMBAUGH
Director, DLA Acquisition