



**DLA**  
DEFENSE LOGISTICS AGENCY  
*Established 1961*



The Nation's Combat Logistics Support Agency

# Demand Forecast Communication to Industry

December 2020

WARFIGHTER ALWAYS



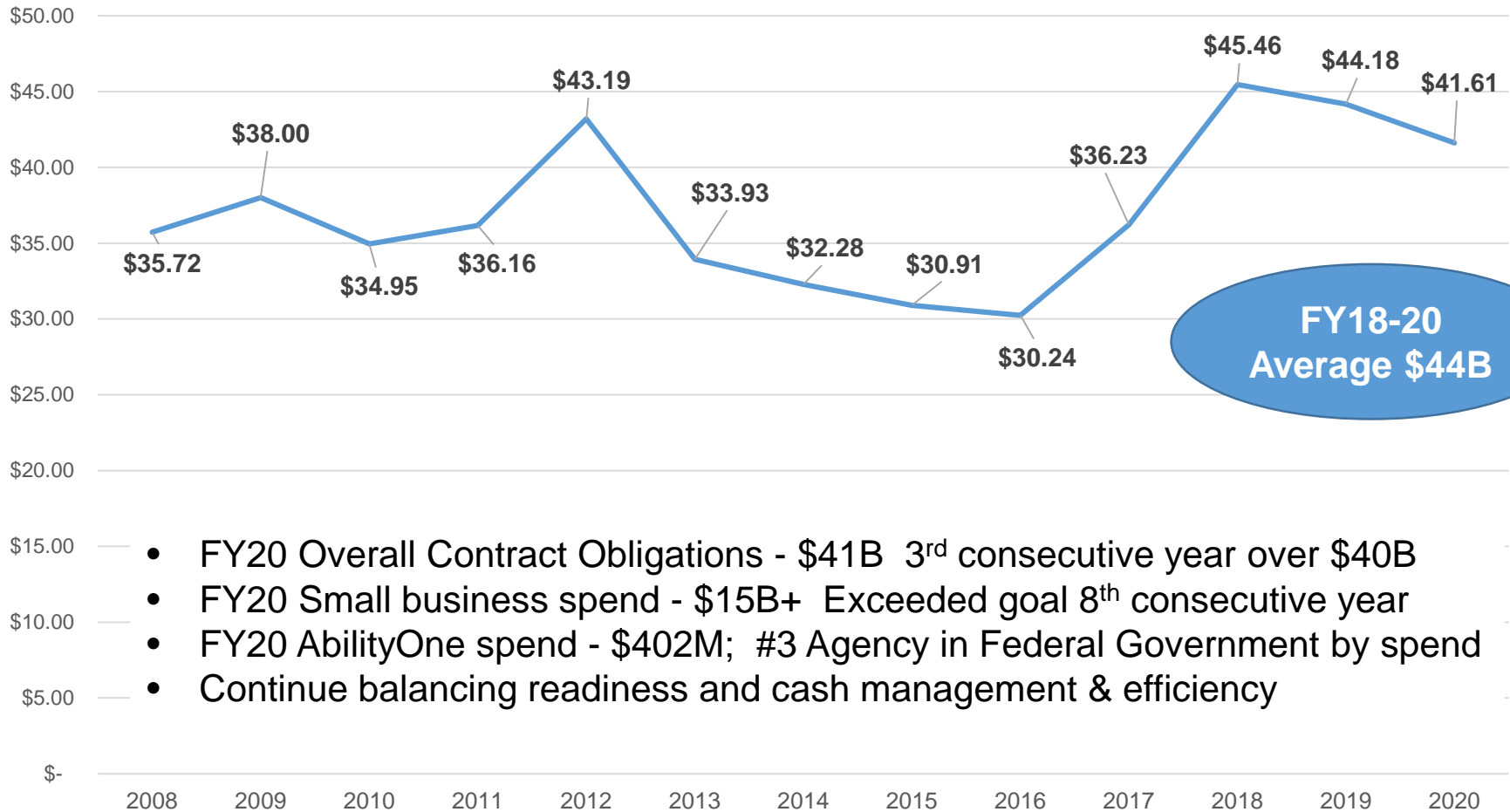
# Forecast Environment

- DLA supports the national defense strategy of rebuilding military readiness and reforming the Department's business practices for greater performance and affordability via;
  - Focused investments that increase material availability/readiness, support high inventory turns and generate cash for investing in priority needs; while
  - continuing to reduce stock levels
  - continuing DLA's drive to increase efficiency and cost consciousness
    - Continued focus on cash management while increasing readiness
  - Continuing pursuit of CARES Act funding
- COVID Uncertainty
  - Impact to Military Service operations & requirement demands
  - Continued or potential increased support to Nation's pandemic response (HHS, Nursing homes, Rapid Testing, Vaccine Distribution (if approved))



# Business Opportunity

### DLA Contract Obligations (\$Billions)



- FY20 Overall Contract Obligations - \$41B 3<sup>rd</sup> consecutive year over \$40B
- FY20 Small business spend - \$15B+ Exceeded goal 8<sup>th</sup> consecutive year
- FY20 AbilityOne spend - \$402M; #3 Agency in Federal Government by spend
- Continue balancing readiness and cash management & efficiency



# Demand Projection Bottom Line Up Front

- Review of past sales trends indicate
  - Decrease in the Hardware supply chains
    - COVID-19 impacts
    - Industrial Hardware items moved to Aviation and Land
  - Slight increase in the Troop Support supply chains
- Input from Services at the 2020 Service Readiness Demand Planning Summit...
  - FY21 demand anticipated to be in line with FY19
- FY21 demand projected to be...
  - **7.8%** higher than FY20 for Hardware
  - **7.8%** higher than FY20 for Energy
  - **1.8%** higher than FY20 for Troop Support

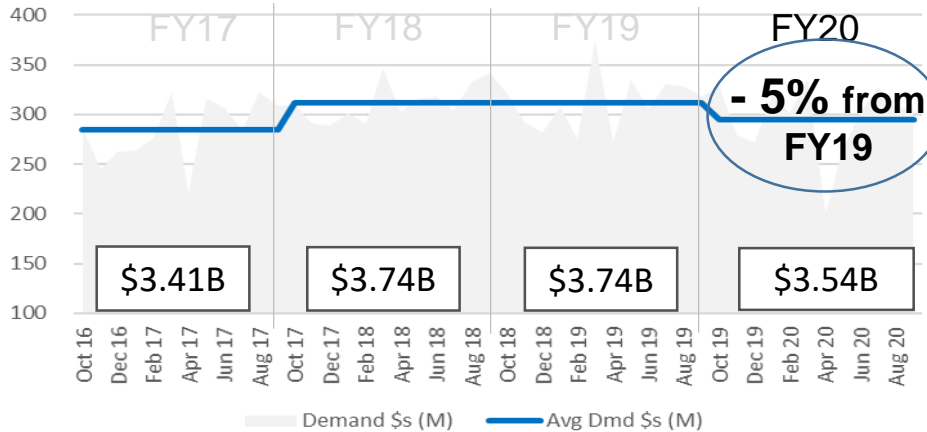
## By Military Service:

Army:	+3.6%
Navy Air:	+1.8%
Navy Sea:	- 4.5%
Air Force:	+5.4%
Marines:	- 3.5%

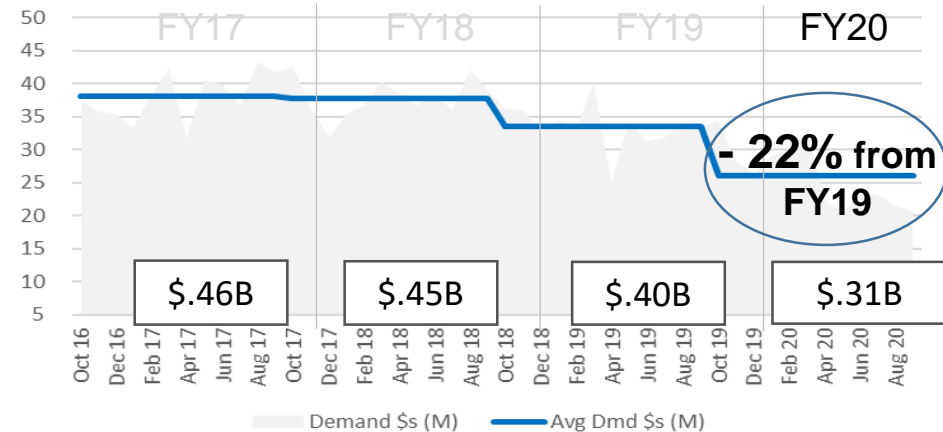


# Sales Trends by Supply Chain Hardware

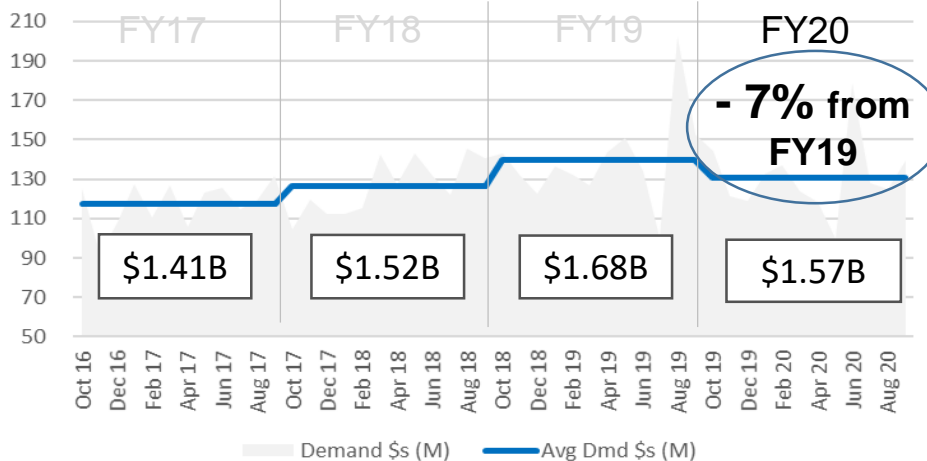
### Aviation FY17-FY20



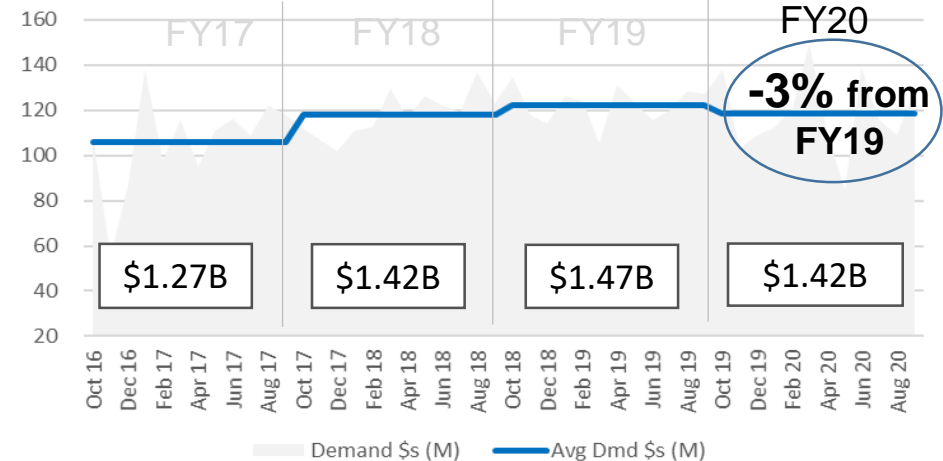
### Industrial Hardware FY17-FY20



### Land FY17-FY20



### Maritime FY17-FY20

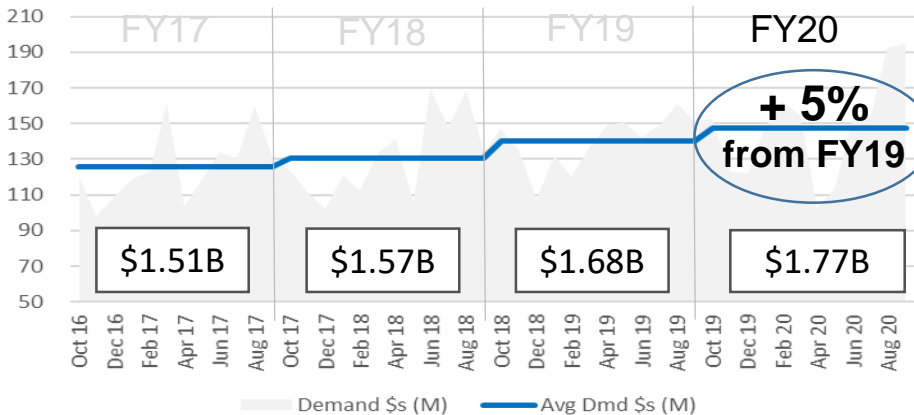


**Hardware Sales \$s down 6% from FY19**

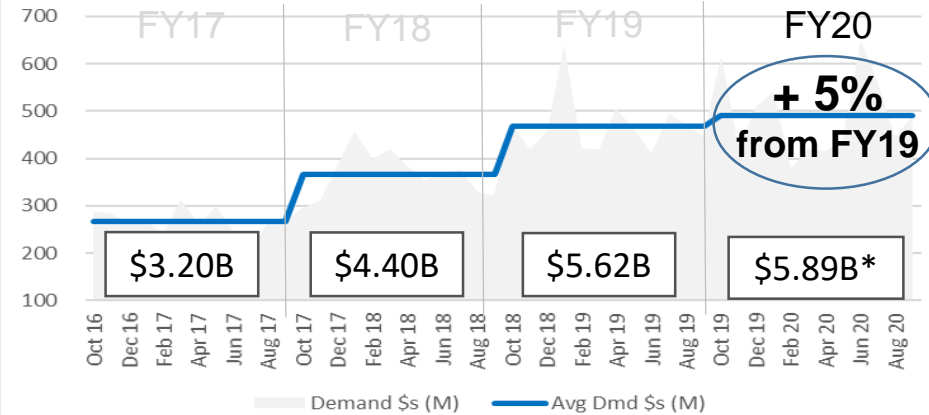


# Sales Trends by Supply Chain Troop Support

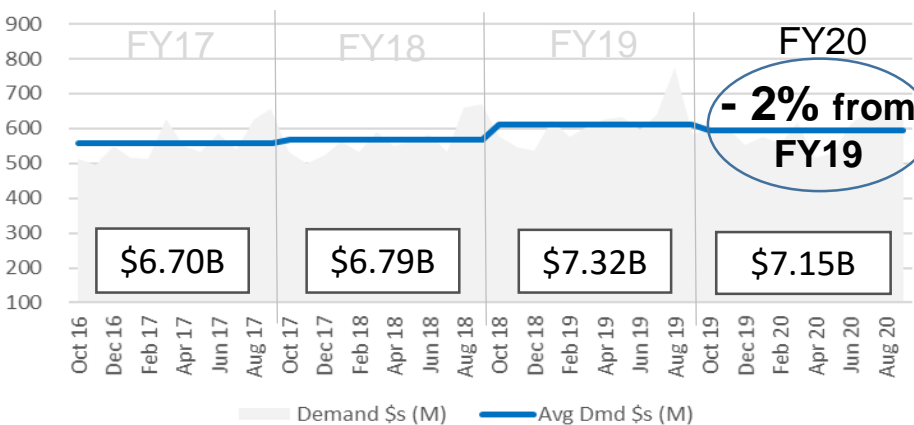
Clothing & Textiles FY17-FY20



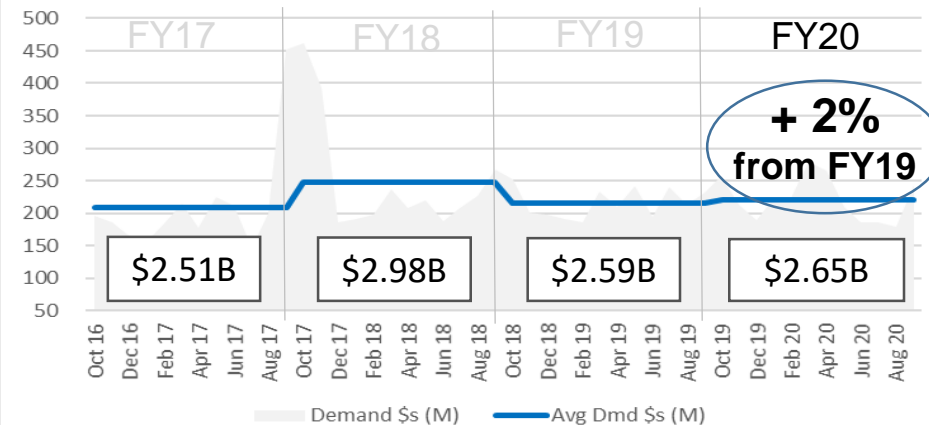
Construction & Equipment FY17-FY20



Medical FY17-FY20



Subsistence FY17-FY20



**Troop Support Demand \$s up 1% from FY19**

**FY20 COVID Sales – C&T: \$85M, C&E: \$395M, Medical: \$88M, Subsistence: \$95M**



# Projected Future Demand Hardware

Service-Shared Data

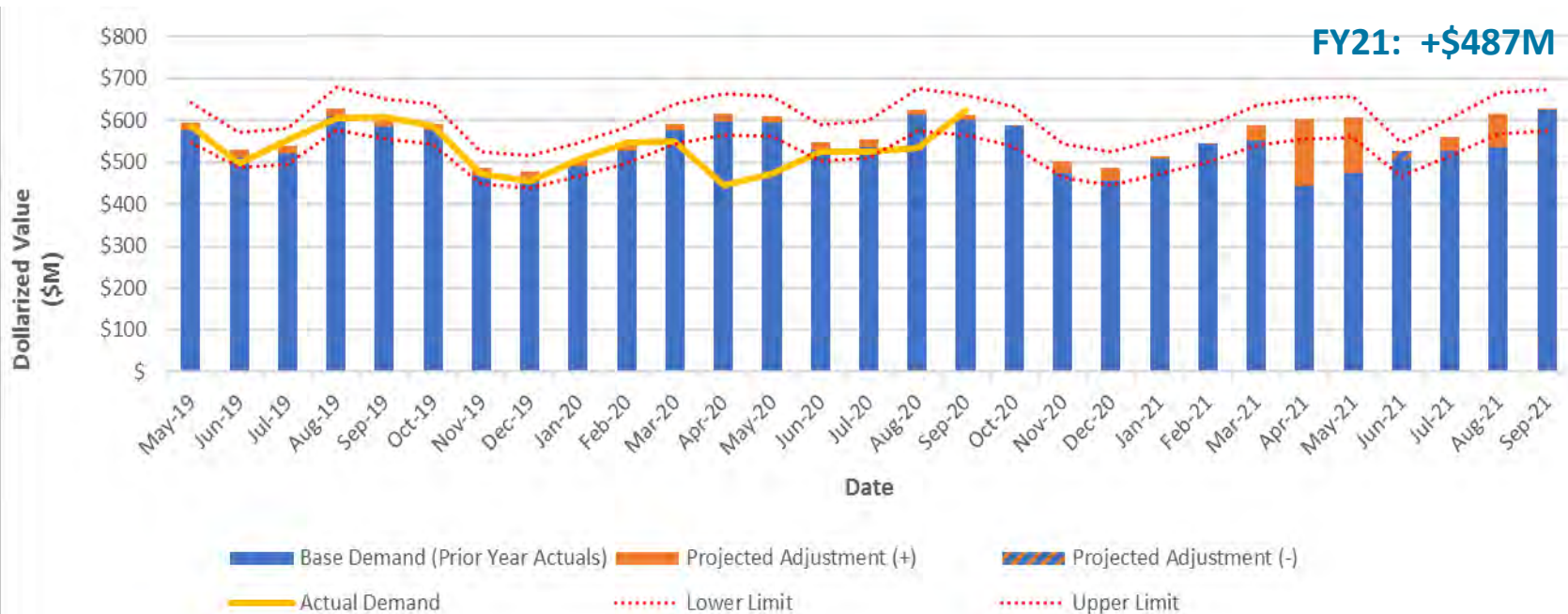
+

NDAAs Weapons Focus and COVID-19 Recovery

=

Change in Demand \$

FY21  
+ 7.8%



7.8% increase in demand expected in FY21

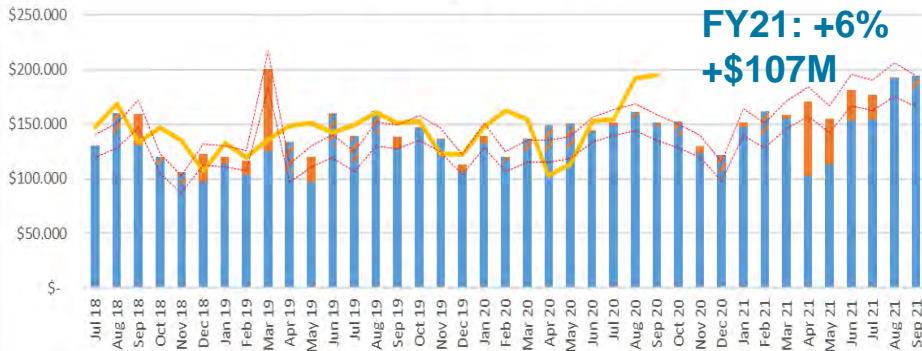
Anticipate increased orders to industry beginning March/April '21



# Projected Future Demand Troop Support

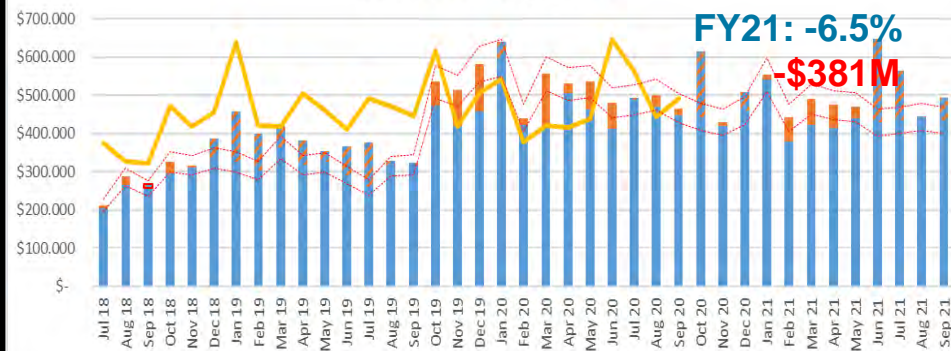
## Clothing & Textiles

FY21: +6%  
+\$107M



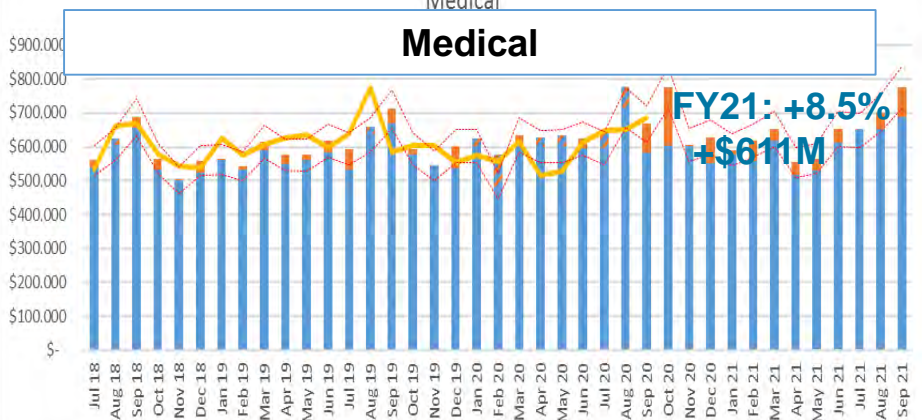
## Construction & Equipment

FY21: -6.5%  
-\$381M



## Medical

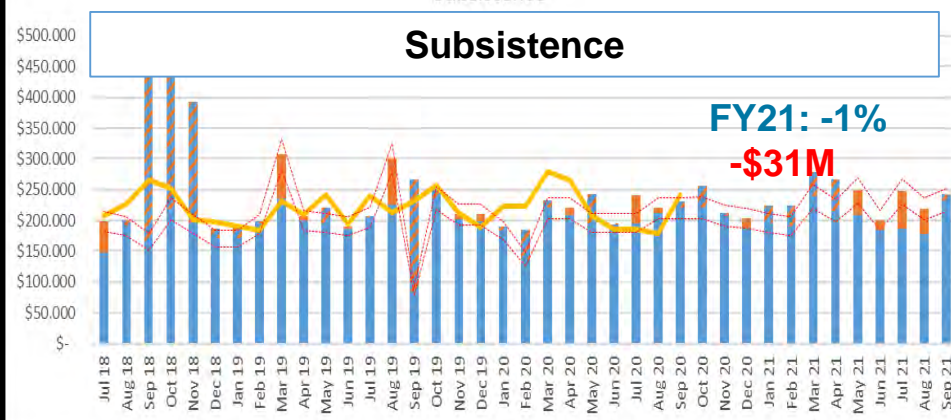
FY21: +8.5%  
+\$611M



## Subsistence

## Subsistence

FY21: -1%  
-\$31M



Anticipated Demand    Projected Increase    Projected Decrease    Actual Demand

Overall 1.8% increase in demand expected in FY21

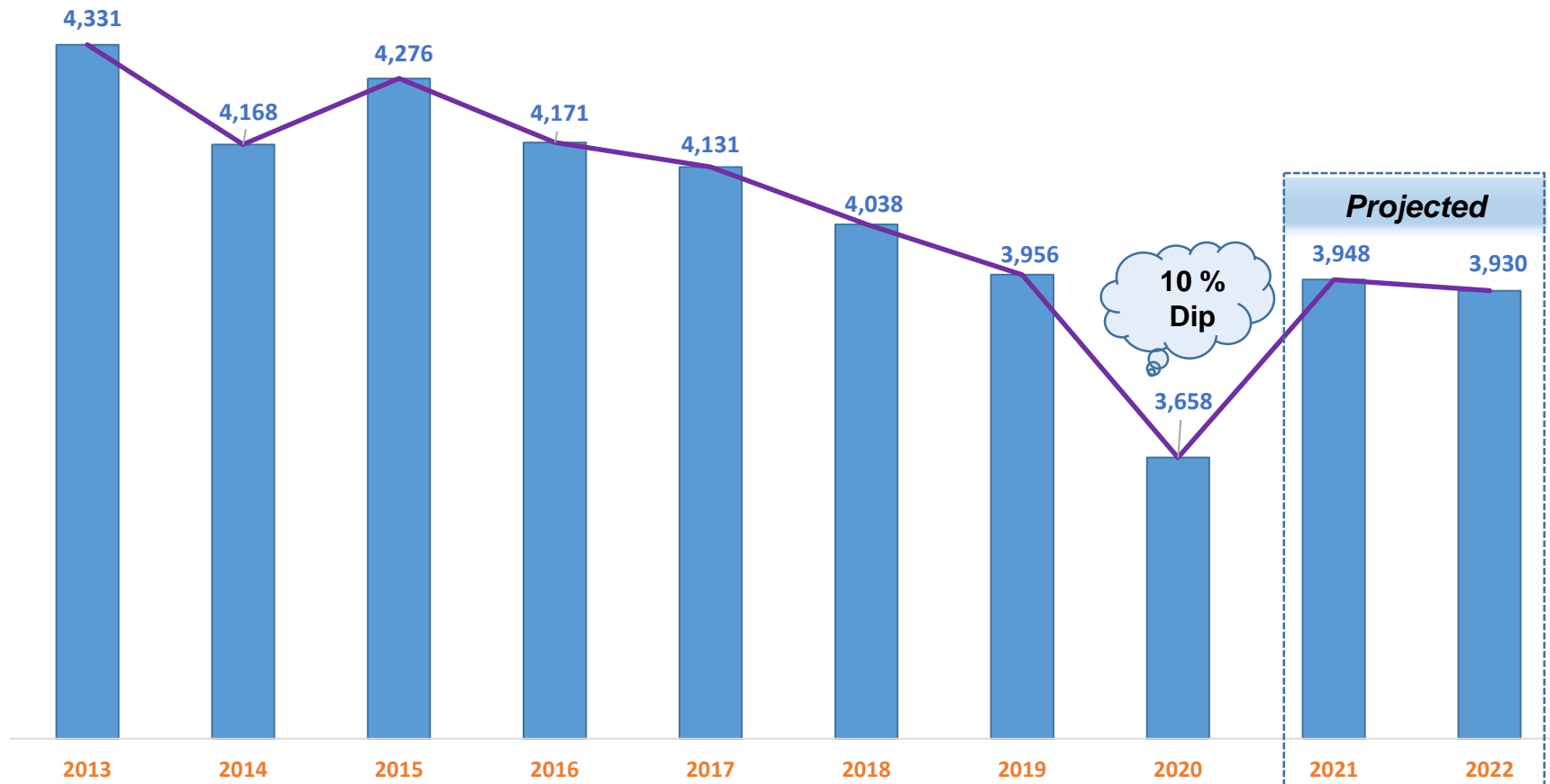
C&T: +6%, C&E: -6.5%, Medical: +8.5%, Subsistence: -1%





# Projected Future Demand Energy

### NET SALES OF PETROLEUM (MILLIONS U.S. GALLONS)

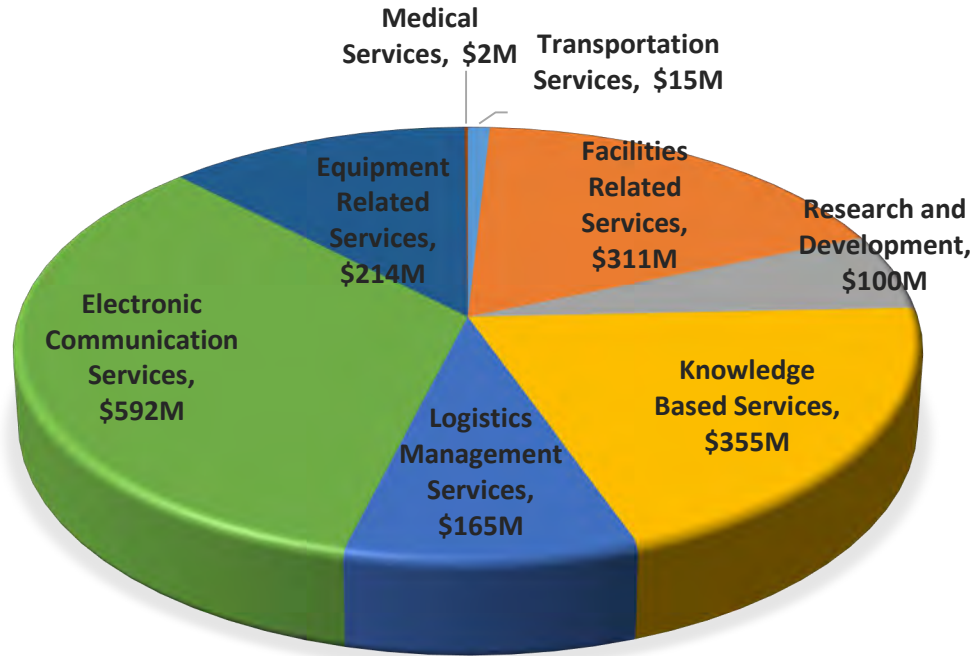
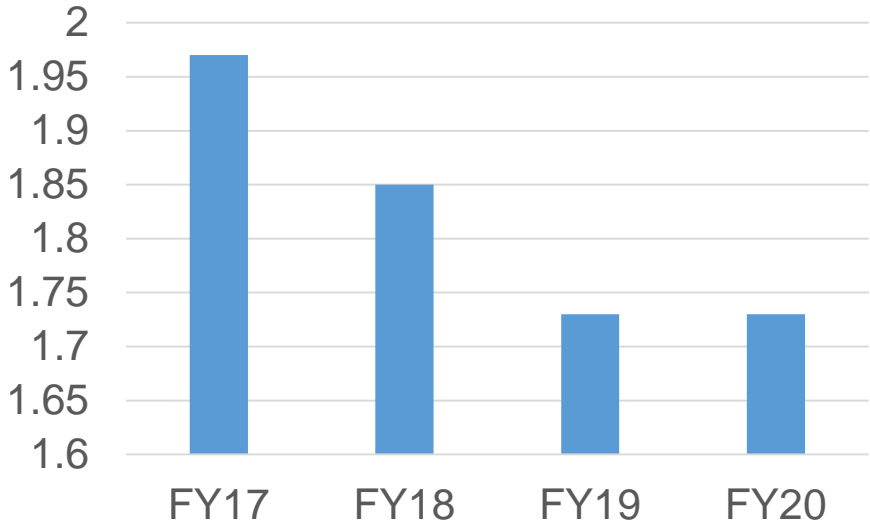


Petroleum Sales returning to FY19 levels for FY21



# Service Acquisition

### Service Contracts Spend (\$B)



## FY20 Service Contract Portfolio Spend

Anticipate a continued decline in spend



# MSC Demand Forecast Communication to Industry

- MSCs will provide opportunity forecast via Industry Association event and/or other method
- MSC Communication plan
  - **Aviation** – Virtual Supplier Conference, DoD sponsored Industry Conferences, Small Business Training – Knowledge, and Opportunity Webinars; Supplier Relationship Manager engagements with Strategic Supplier Alliances
  - **Land & Maritime** – Supplier Conference, DoD sponsored Industry Conferences, Small Business Training – Knowledge, and Opportunity Webinars; Supplier Relationship Manager engagements with Strategic Supplier Alliances
  - **Troop Support** – Presented at Joint Advanced Planning Brief for Industry and separate web postings
  - **Energy** – Separate web posting and Quarterly Newsletters to Suppliers
  - **Distribution** – Virtual Industry Day (tentative, Jun 9, 2021), Jan 2021 Business Opportunities Forecast posting
  - **Disposition Services** – Separate web postings and advance notice of forecasts for both procurements and public sales opportunities
  - **Service Contracting** – J6 Enterprise Technology Services (JETS) Industry Day, posting at DLA Industry Engagement website
- Opportunities will be posted at;  
<https://www.dla.mil/Info/strategicplan/IndustryEngagementPlan/DemandForecast>



# What Now?

- Look for updated information on the below website and via DLA Social Media postings
  - <https://www.dla.mil/HQ/Acquisition/>
- Learn how to business with DLA
  - <https://www.dla.mil/SmallBusiness/>
- Learn about DLA's Industry Engagement Program
  - <https://www.dla.mil/HQ/Acquisition/Business/Enterprise-Industry/>
- Learn more about the DLA Supplier Satisfaction Survey!
  - <https://www.dla.mil/Info/strategicplan/IndustryEngagementPlan/DemandForecast>

