



DLA
DEFENSE LOGISTICS AGENCY
Established 1961



The Nation's Combat Logistics Support Agency

Demand Forecast Communication to Industry

November 7, 2022



WARFIGHTER ALWAYS



TRANSFORMING GLOBAL LOGISTICS

As the Nation’s Combat Logistics Support Agency, we must lean forward to address new challenges that threaten our global environment. We will meet those threats and the evolving needs of the Warfighter and Nation with this Strategic Plan, which identifies our most critical priorities and will transform our business processes over the next five years. Though this transformation will not encompass all of DLA’s day-to-day activities, these core objectives will have the greatest impact on our ability to achieve mission success.

MISSION:

Deliver readiness and lethality to the Warfighter Always and support our Nation through quality, proactive global logistics

VISION:

As the Nation’s Combat Logistics Support Agency and valued partner, we are innovative, adaptable, agile, and accountable – focused on the Warfighter Always.

Lines of Effort

- People & Culture:**
Supporting our people
- Fiscal Stewardship:**
Investing in outcomes
- Digital-Business Transformation:**
Embracing the future



Enterprise Key Performance Indicators (KPI) measure the success of this strategy:

- Employee Engagement
- Acquisition Timeliness
- Business Health
- Customer Satisfaction Score
- Supply Availability
- Liquidity
- Price Competitiveness
- Employee Engagement

Industry: Vital to National Strategy

October 12, 2022



**National Security
Strategy (NSS)**

Investing in our Strength

October 27, 2022



**National Defense
Strategy (NDS)**

**Sustain and strengthen
U.S. deterrence**

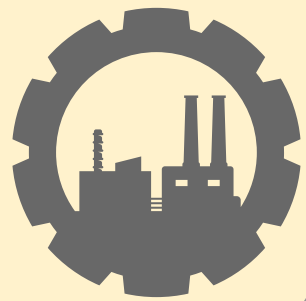
October 28, 2022



**Strategic Management
Plan (SMP)**

**Shape a 21st century
defense industrial base**

Industry



Forecast Environment



Inflation



**Support to
USEUCOM**



**Budget
Uncertainty**



Affordability



**Forecasting
Limitations**



Supply Chain Risk



DLA Support to EUCOM

1JAN-26OCT22

\$1.8B

Total Value of Year-To-Date EUCOM Support

↑ 50%

Increase in Year-to-Date Order amounts

18

Deployed Team Members

AVIATION

\$167M

(40%↑)



Aircraft



Parts



Engines

CONSTRUCTION & EQUIPMENT

\$252M

(42%↑)



BF Lumber



Pickets



Sandbags

CLOTHING & TEXTILES

\$44M

(15%↑)



Clothing Items



Sleep Systems

ENERGY

\$534M

(49%↑)



2.3M

Gallons of Bulk Fuel Products

LAND

\$140M

(110%↑)



Land Systems



Tires



Batteries



Repair Parts

MARITIME

\$74M

(106%↑)



Pumps & Valves



Pipes



Repair Parts

Electronics

MEDICAL

\$340M

(9%↑)



Medicine



First Aid Kits



Bandages

SUBSISTENCE

\$288M''

(131%↑)



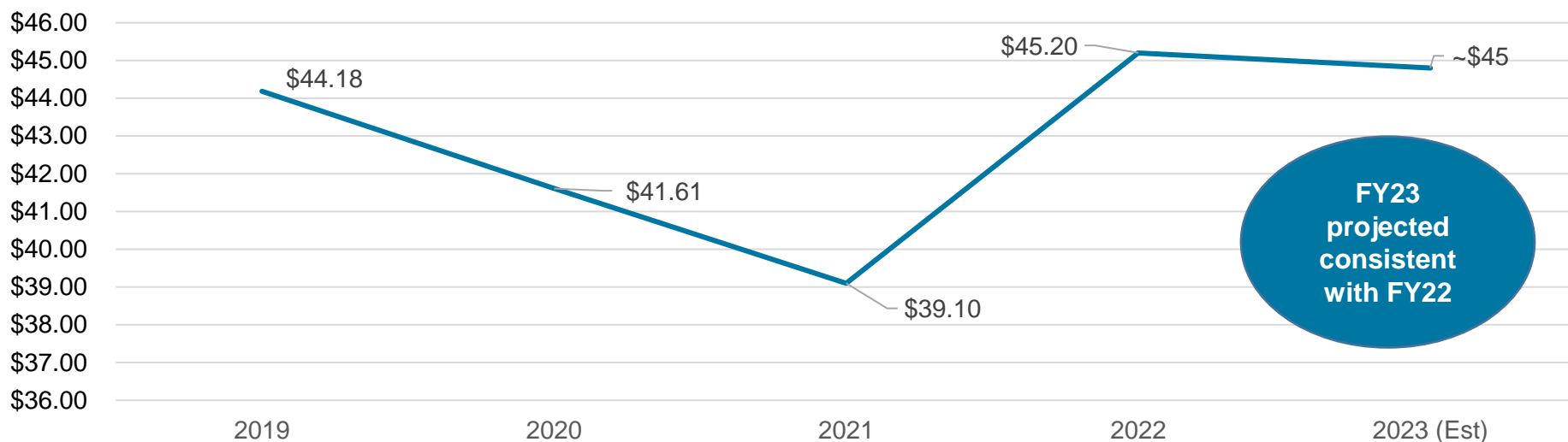
- MRE Cases
- Unitized Group Ration, Heat & Serve Mods

*Dollar amounts indicate total 2022 year-to-date EUCOM order amounts as of 26OCT22. Percentages represent increase in current year EUCOM order amounts compared to previous year. Data on represents US order amounts—it does not represent FMS/Allied partners



Business Opportunity

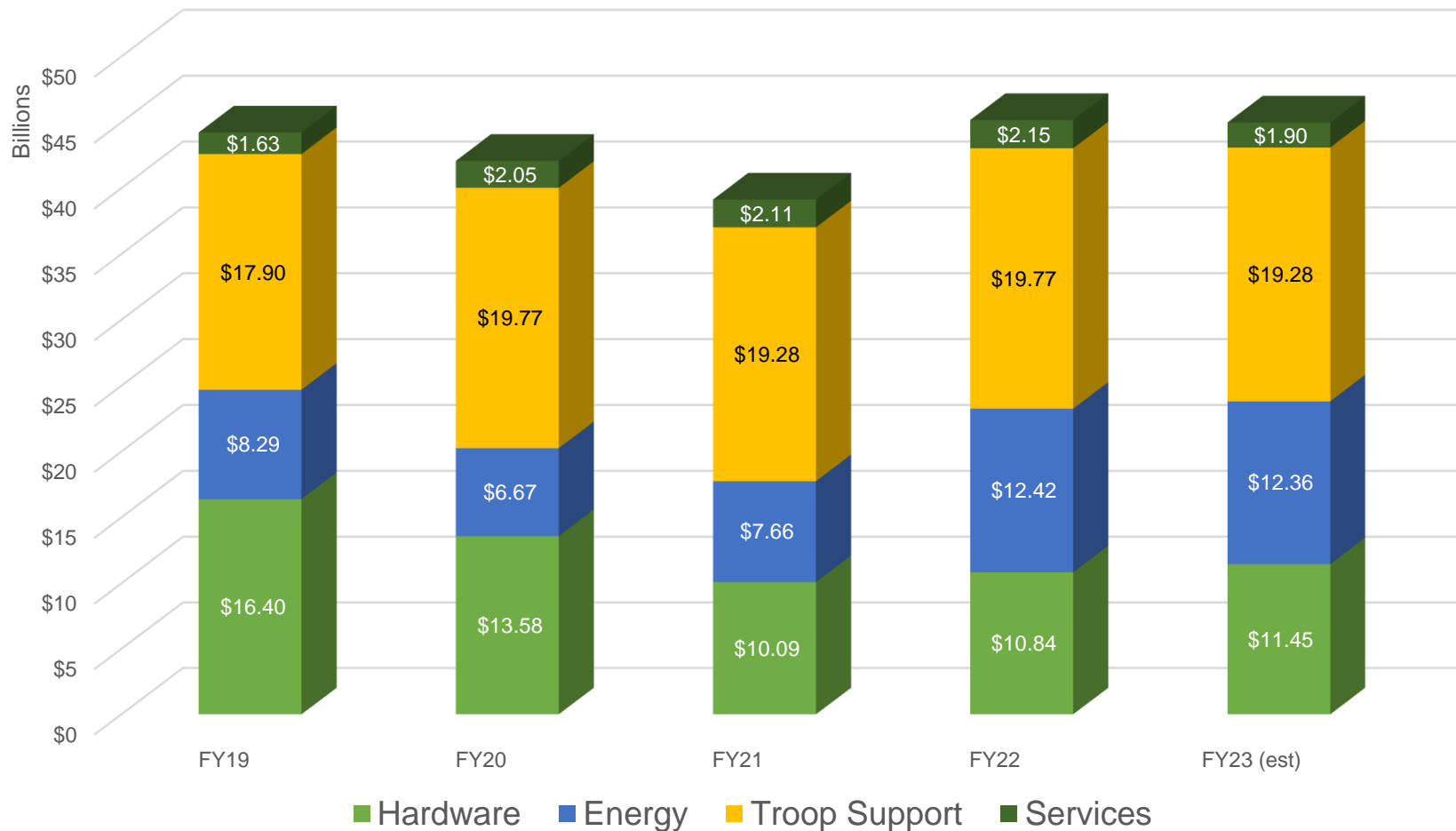
DLA Contract Obligations (\$Billions)



- FY22 Overall contract obligations: ~\$45B (increase predominantly due to rising prices)
- FY22 Small business: ~\$15B (4th time at \$15B in 5 years), 40% of eligible obligations
- FY22 AbilityOne: \$522M (Leader in Products)
- Over the last 4 years DLA;
 - Exceeded its yearly small business spending goal (Avg. 39.6%)
 - Obligated over \$9.48B with Small Disadvantaged Businesses
 - Averaged \$1.66B in obligations to Women Owned Small Businesses
 - Competed 75% of all dollars awarded (83.5% in FY22)



DLA Obligations Projections FY19-FY23





Demand Projection Bottom Line Up Front

Supply Chain Management (SCM)

- Review of past sales trends (since FY19) indicate
 - Decrease in Hardware supply chains
 - Increase in Troop Support supply chains thru FY21, then decrease in FY22
- Input from the Services at the 2022 Service Readiness Demand Planning Summit(s)...
 - FY23 demand anticipated to be in line with FY22

SCM and Energy

- FY23 demand projected to be...
 - 5.7%** higher than FY22 for Hardware
 - 2.5%** lower than FY22 for Troop Support
 - 0.5%** lower than FY22 for Energy

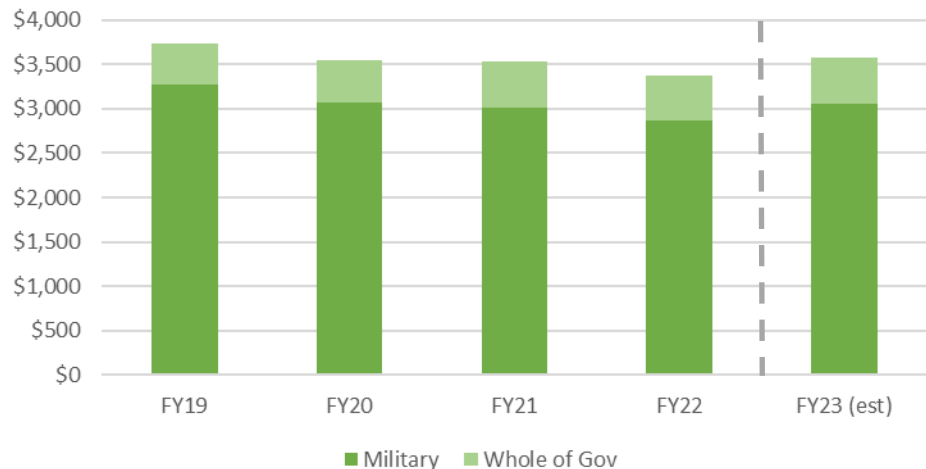
Demand Summit Assessment for FY23

- Demand for FY23 expected to be in line with FY22, but...
- Services indicate concern with impacts of inflation on buying power

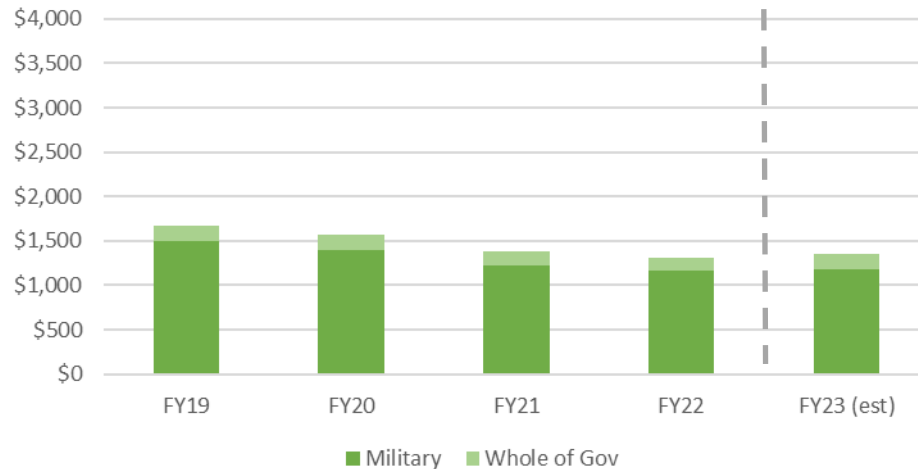


Hardware Net Sales at Cost Trends

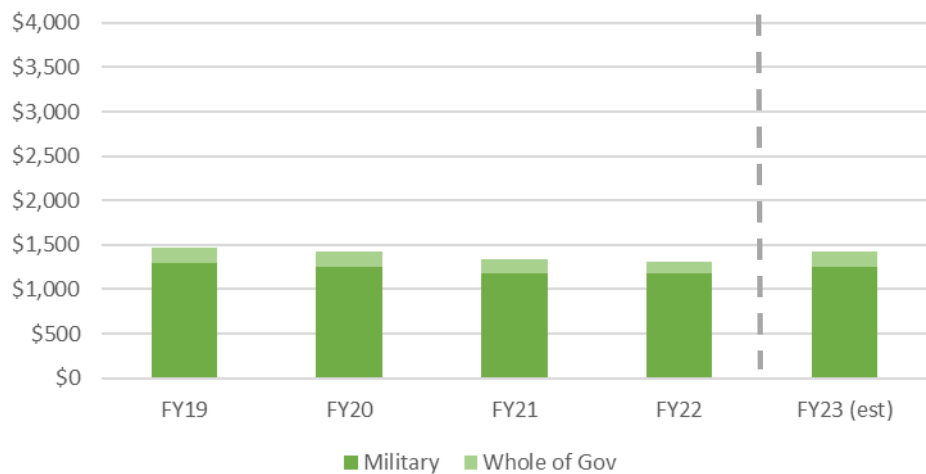
Aviation



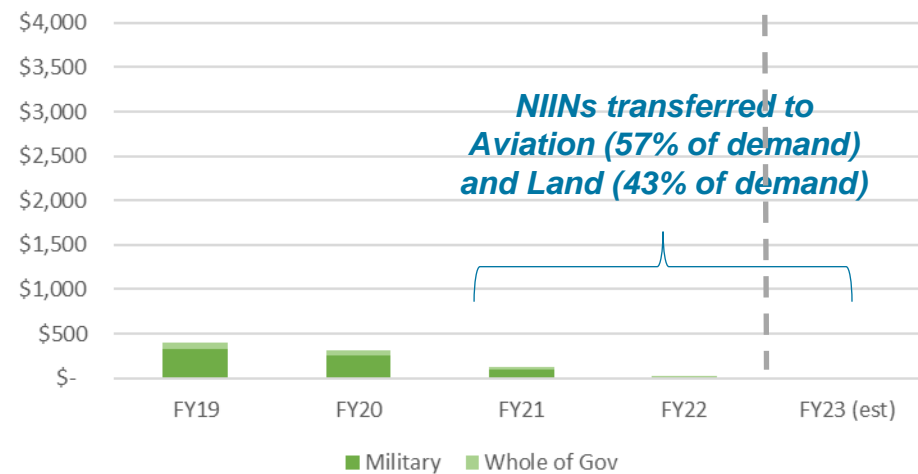
Land



Maritime



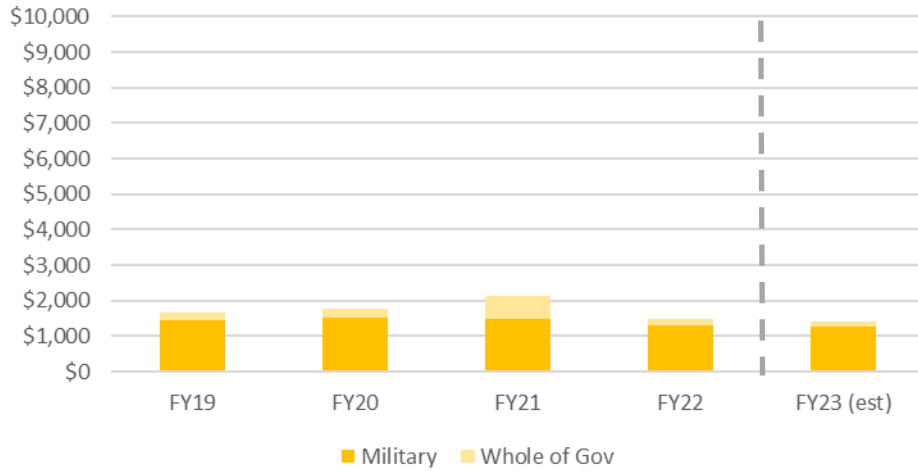
Industrial Hardware



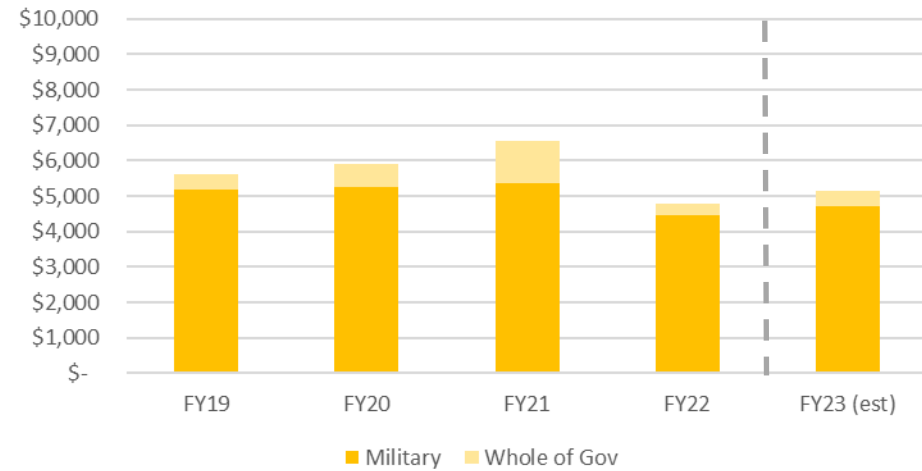


Troop Support Net Sales at Cost Trends

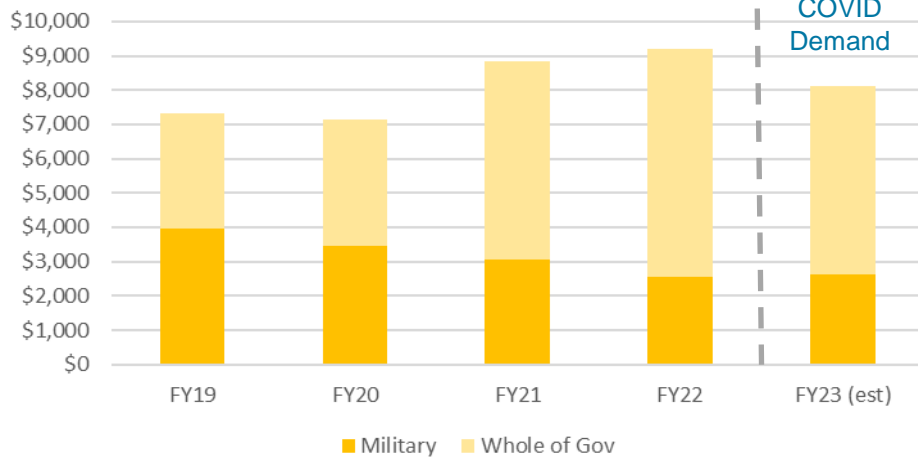
Clothing & Textiles



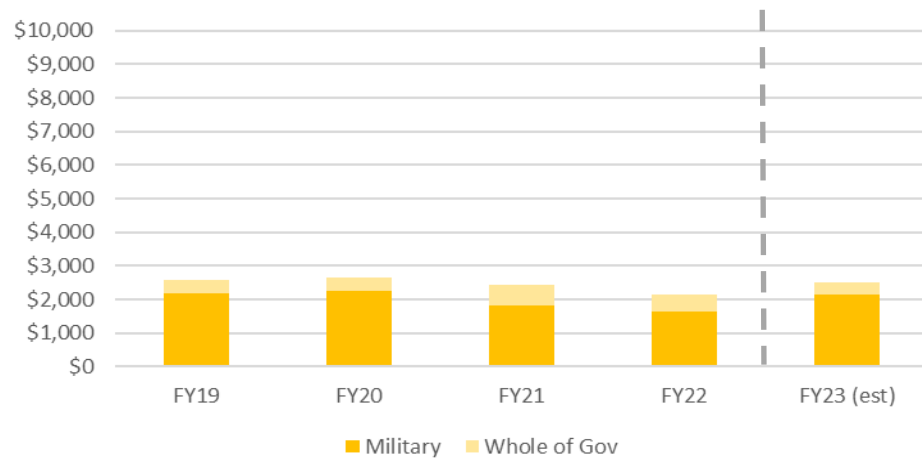
Construction & Equipment



Medical

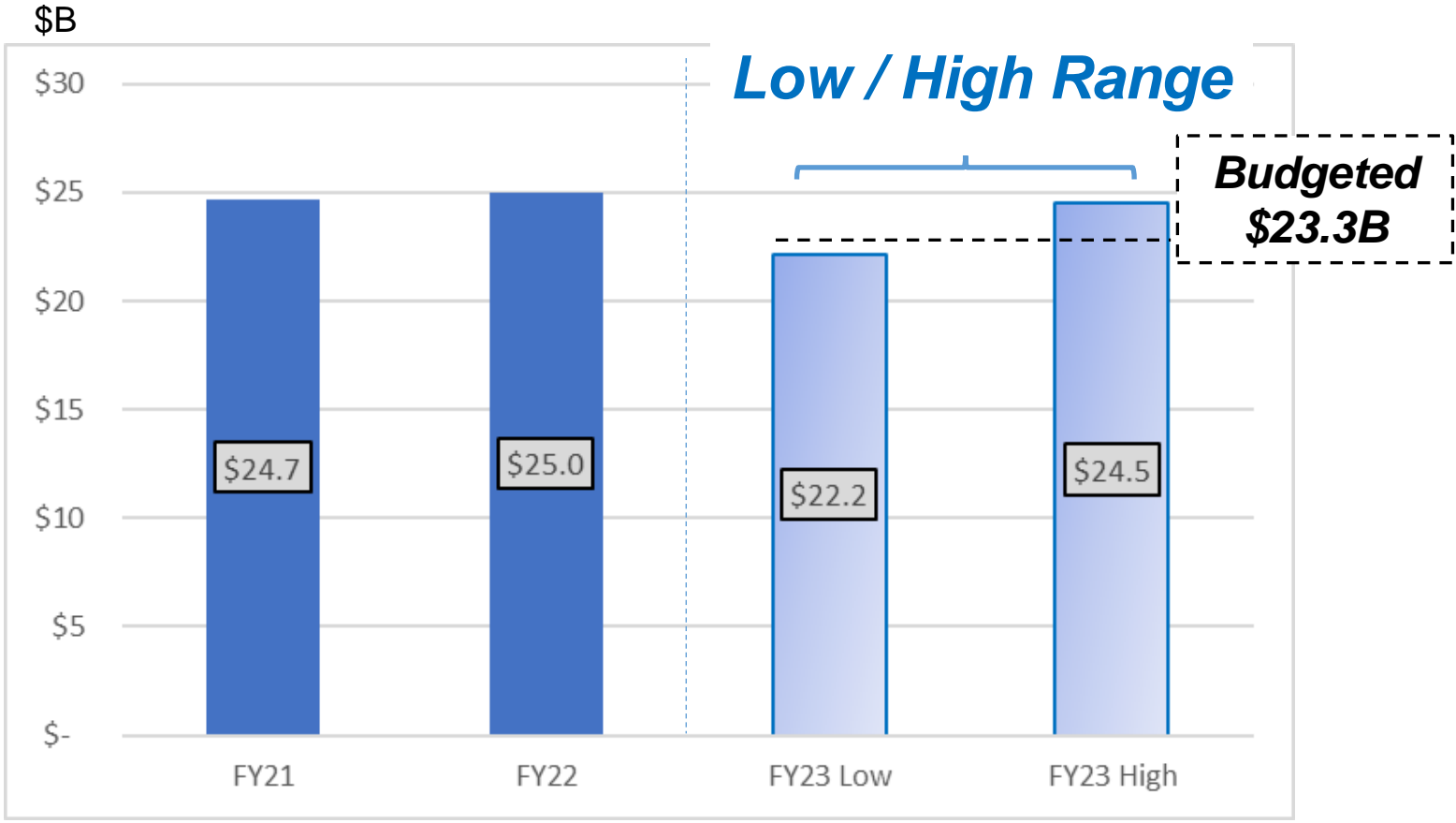


Subsistence





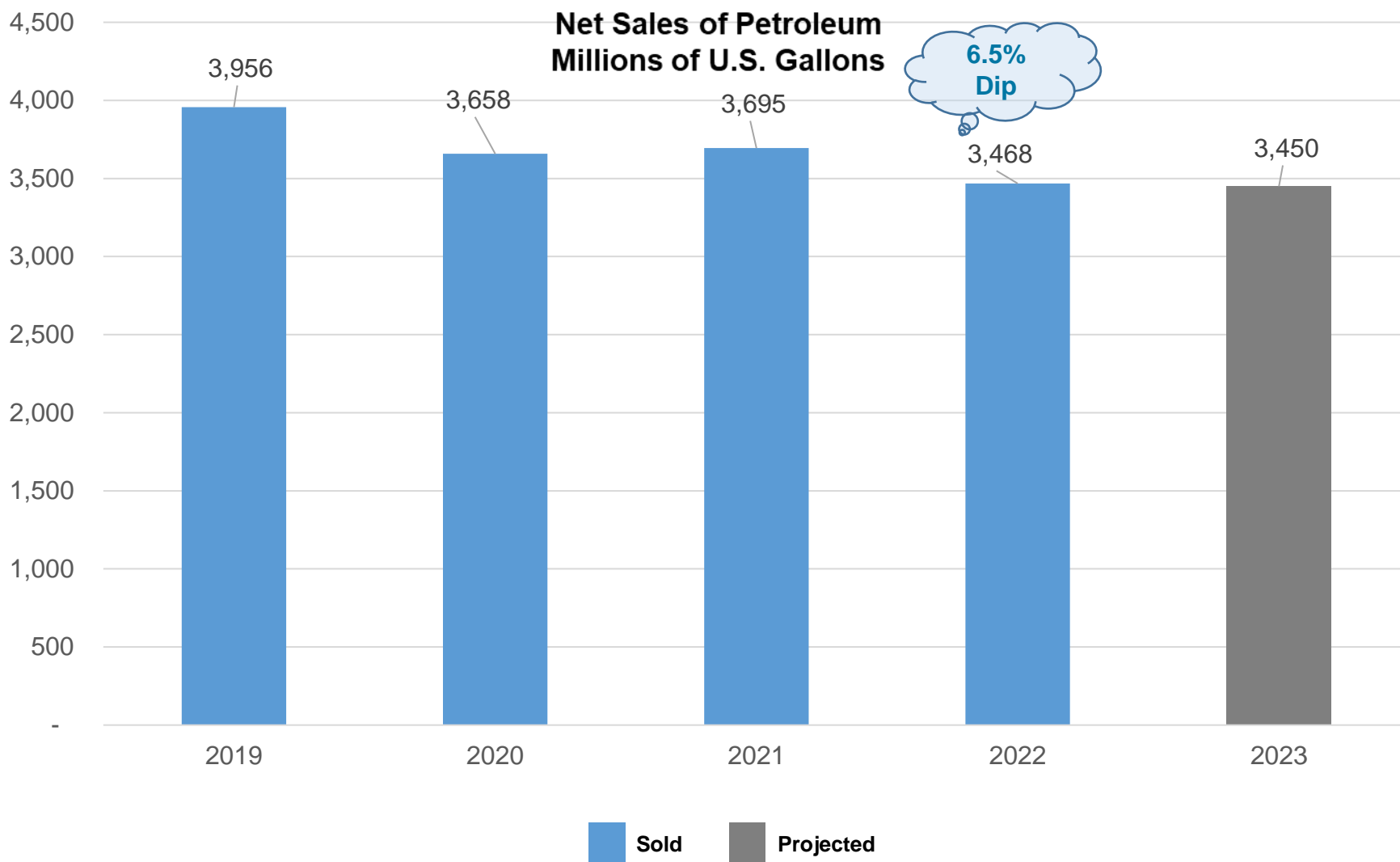
FY23 Projections (Hardware & Troop Support)



Orders from DLA to industry estimated to range between -11% to -2% compared to FY22



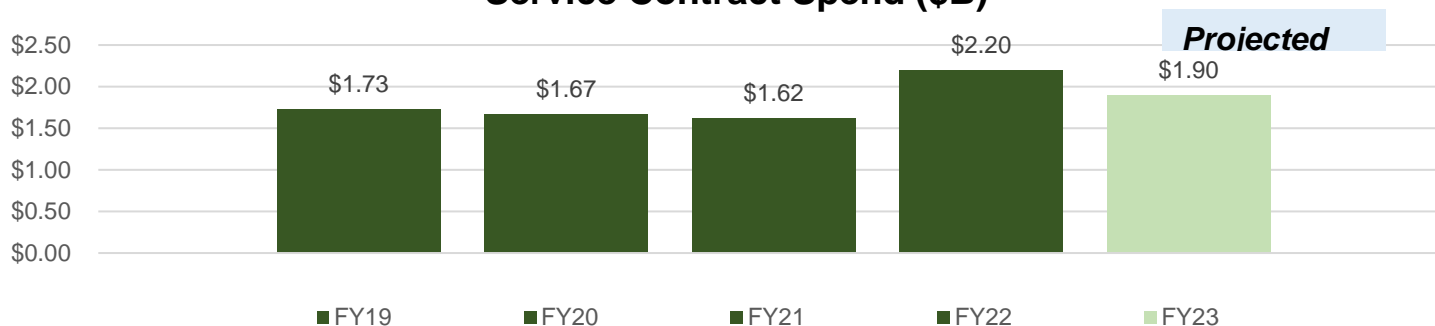
Projected Future Demand Energy



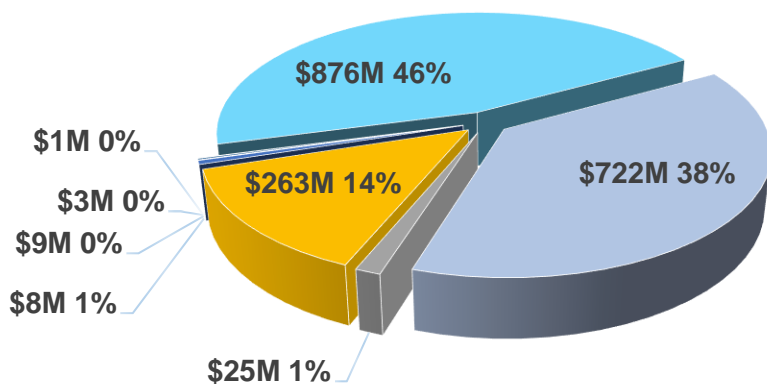


Services Acquisition

Service Contract Spend (\$B)



Portfolio Spend Forecast FY23



- Electronics and Communications Services (ECS)
- Facilities Related Services (FRS)
- Transportation Services (TS)
- Knowledge Based Services (KBS)
- Equipment Related Services (ERS)
- Other

Modernization Efforts Will Continue



MSC Demand Forecast Communication to Industry

- MSCs will provide opportunity forecast via Industry Association event and/or other method
 - **Hardware Supplier Conference hosted by DLA Aviation (May 3-4, 2023)**
 - **Aviation** – Mini Monthly Webinar Series; AbilityOne Manufacturing Capability briefings; Strategic Supplier engagements; Vendor Score Card; Supplier Surveys
 - **Disposition Services** – Web postings and advance notice of forecasts for procurement/public sales opportunities; Industry Day/Virtual Industry Day (Nov 2-3, Q1 FY23); Small Business Training and Outreach
 - **Distribution** – Business Opportunities Forecast posted Jul 2022, next update will be Jan 2023; Small Business Outreach/Capabilities Presentation and Engagement with socioeconomic vendor base; Virtual Industry Day (tentative Jun 2023)
 - **Energy** – Web postings; Energy Summit (tentative Mar 2023); Supplier Advocate Engagements with Industry; Small Business Outreach and Industry Conferences
 - **Land & Maritime** – Industry Round Table (Summer 2023); Hardware Supplier Conference (Spring 2024); DoD sponsored Industry Conferences; Small Business Training; Supplier Relationship Manager engagements with Strategic Suppliers
 - **Troop Support** – Joint Advanced Planning Brief for Industry (Nov 17-18); Communicate at Industry Events; Meet regularly with industry partners; IPRs with TLS/PV Programs and LTC vendors with traditional NSN LTCs; Pre-Solicitation and Pre-proposal conferences; web postings
 - **Small Business** - DLA small business offices help shape acquisition strategies to expand opportunities for small businesses, especially those in underserved communities

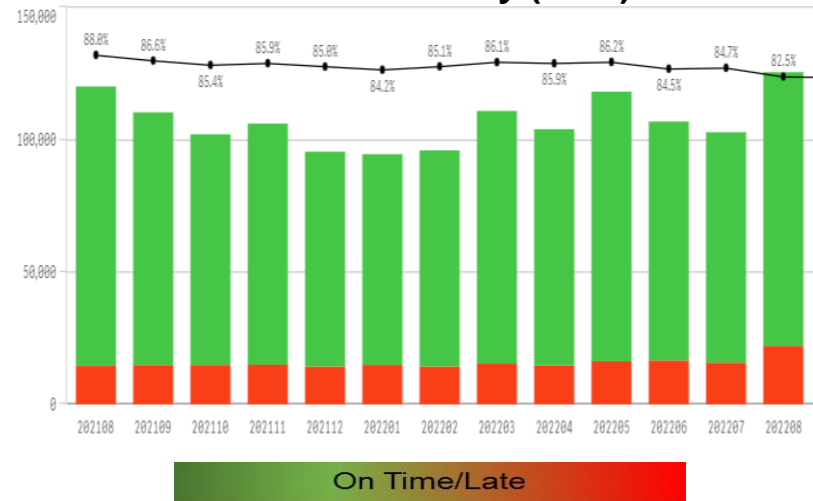


Status of the Defense Industrial Base

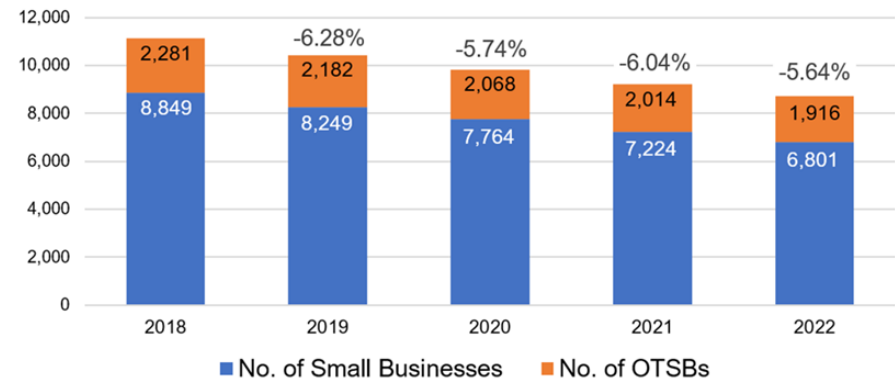
What we've heard

- Labor concerns continue to impact the Defense Industrial Base
- Raw material shortages
- Inflation is persistent and creating severe pressures on the bottom line
- Several DLA supply chains have seen a reduction in offerors due to business closures, increased cost, and supply reductions
- The # of unique suppliers has decreased, consistent with Federal/DoD rates

On Time Delivery (OTD)



DLA -- Number of Supply Chain Participants



Similar reduction %'s in Small/Large Businesses



What Now?

- DLA Strategic Plan
 - <https://www.dla.mil/Info/strategicplan/>
- 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/>
- Opportunities will be posted at
 - <https://www.dla.mil/Info/strategicplan/IndustryEngagementPlan/DemandForecast>
- DLA Supplier Survey information
 - <https://www.dla.mil/Info/Strategic-Plan/Industry-Engagement-Plan/Supplier-Survey/>

