DEFENSE LOGISTICS AGENCY

THE NATION'S COMBAT LOGISTICS SUPPORT AGENCY

Industry Day

Taking it to the Next Level

Partnering with Industry to Improve Warfighter Readiness

July 31, 2019

DLA Industry Day Agenda

0745 – 1015 **Senior Leader Morning Session***

LTG Darrell K. Williams, DLA Director

HON Ellen M. Lord, Under Secretary of Defense for Acquisition and Sustainment

Maj Gen Allan Day, Director DLA Logistics Operations

Mr. Matthew Beebe, Director DLA Acquisition

Mr. Michael Scott, DLA Vice Director, Supply Chain Panel/Q&A (Moderator)

1030 – 1530 **Breakout Morning/Afternoon Sessions**

DLA Supply Chains, Artificial Intelligence, Cybersecurity,
Services Contract Requirements

***Session will be recorded and streamed in the Kabeiseman (Rm 4419) for overflow attendees**

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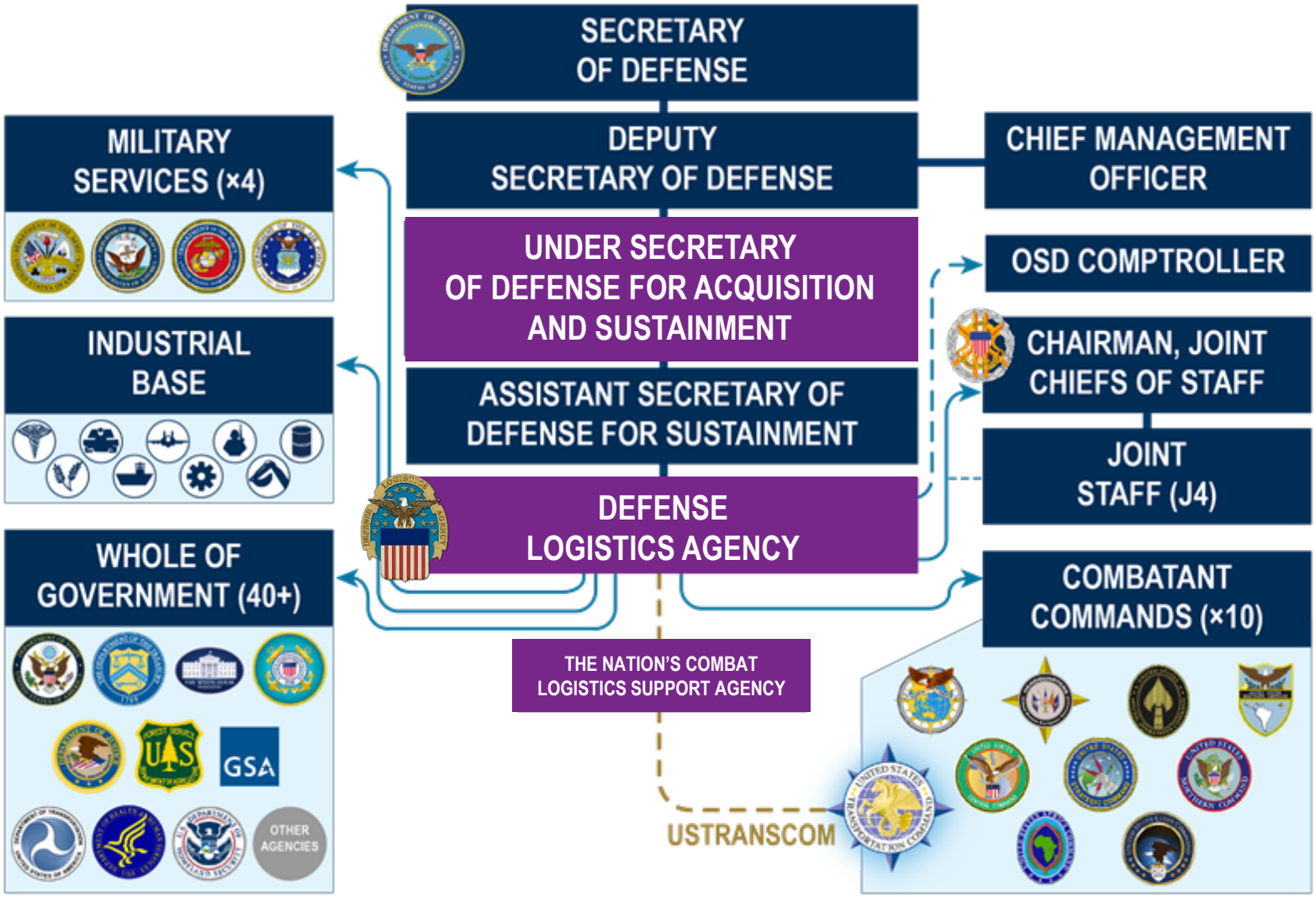
LTG Darrell K. Williams

DLA Director

DLA Relationships



DEFENSE LOGISTICS AGENCY

ROLES & MISSIONS

BULK-PETROLEUM | **CONSTRUCTION & BARRIER MATERIEL** | **MEDICAL MATERIEL** | **SUBSISTENCE**

☐ EXECUTIVE AGENTS

Aviation Systems
Clothing & Textile
Global Distribution
Industrial Hardware
IT Acquisition

Land Systems
Maritime Systems
National Defense Stockpile
Whole of Government Solutions
Worldwide Disposition Services

GLOBALLY POSTURED
RAPIDLY DEPLOYABLE

87 Roles & Missions Below the Surface

Construction & Equipment
- Containers
- Fire & Emergency Equipment
- Force Protection Equipment
- Generator Leasing
- Maintenance Repair & Operation
- Material Handling Equipment
- Special Operational Equipment

Medical
- DoD Influenza Vaccines

Industrial Hardware
- Benchstock Service Contracts
- DoD Locks

Clothing & Textiles
- Blankets for the Homeless
- Ecclesiastic Support
- Flags & Heraldry Support

Subsistence
- School Lunches
- ALFOODACTs (food alerts)
- Food Kiosks
- Global Prime Vendor
- Indian Reservations Subsistence
- Job Corps Subsistence
- Mobile Food Trucks
- Religious Meal Support

Product Test Center
- Additive Manufacturing
- Clothing & Textile R & D Lab

Energy
- Bulk Helium
- Bulk Liquid Cryogenics
- Bulk Missile Fuels
- Energy Savings Performance Contracts
- Installation Energy
- Power Purchase Agreements
- Space Launch Support
- Utilities Privatization

Disposition Services
- Computers for Learning
- Fire Fighter Support
- Humanitarian Assistance
- Law Enforcement Support Office
- VA Homeless Shelters Support

Aviation
- Maps on Demand
- Environmental Products
- Industrial Gases
- Industrial Plant Equipment
- Packaged Petroleum

Land & Maritime
- Defense Standardization Program Support
- Microcircuit DNA Marking
- Product Testing (Mechanical/Electronic)

Distribution
- Depot Kitting
- Ozone Depleting Substance Management

DID YOU KNOW DLA IS THE PRESIDENT'S?

FUELER
- Fuel for Presidential Aircraft Fleet
- Lab Testing/Quality Control for All Fuel

PRINTER
- Operate White House Print Services

FLAG-MAKER
- Hand-Sew Flags for President and Vice-President

Document Services
- Electronic Data & Content Management Services
- Equipment Management Solutions
- Printing & Scanning Services (DoD Single Manager)
- Aircraft Decals

Mission Support
- Defense Logistics Management Standards Executive Agent
- Defense Working Capital Fund (DISA, DFAS, DLA)
- HR Support
  - 11 Defense Agencies
  - Field Activities
  - USTRANSCOM
- Joint Contingency Acquisition Support Office
- Logistics Information Services
- Resource Conversation & Recovery Act Lead Agent

40+ Whole of Government & 118 International Partners

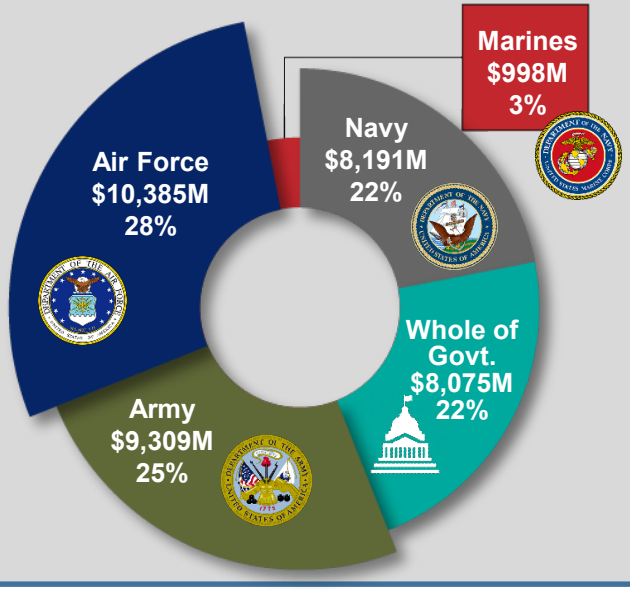
** FY19 Customers:*
- Congress
- Defense Contract Management Agency
- Department of Agriculture
  - US Forest Service
- Department of Commerce
- Department of Energy
- Department of Health & Human Services
- Department of Homeland Security
  - Customs & Border Protection
  - Federal Emergency Management Agency
  - US Coast Guard
- Department of Justice
- Department of Labor
- Department of State
  - US Agency for International Development
- Department of Transportation
- Department of Treasury
- Environmental Protection Agency
- Foreign Military Sales (51 Countries)
- General Services Administration
- National Aeronautics & Space Administration
- State & Local Governments
  - District of Columbia
  - Tennessee Valley Authority
- US Army Corps of Engineers
- US Postal Service
- Veterans Administration

Strategic Initiatives Group
POC: **DLADirectorSIG@dla.mil**
As of July 18, 2019

DLA Warfighter & Whole of Government Support

FY 18/19 By the Numbers

1. Who We Support



2. What We Provide

Energy	$10,622M	(29%)
Medical	$7,124M	(19%)
Aviation	$4,954M	(13%)
Construction & Equipment (C&E)	$4,806M	(13%)
Subsistence	$3,314M	(9%)
Land	$1,890M	(5%)
Clothing & Textiles (C&T)	$1,820M	(5%)
Maritime	$1,813M	(5%)
Industrial Hardware	$648M	(2%)

4. The Results!

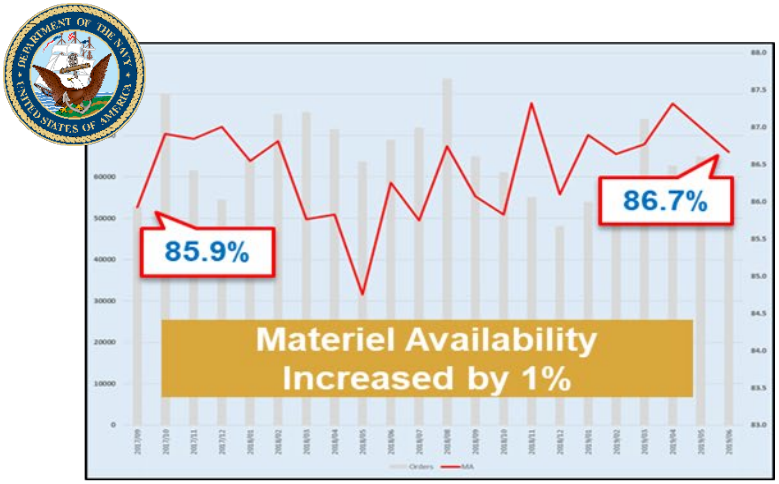
Army	Materiel Availability (MA) Increased by **5.3%**	Systems Down for DLA Parts Decreased by **29%**
Air Force	Materiel Availability (MA) Increased by **3.3%**	Systems Down for DLA Parts Decreased by **24%**
Marines	Materiel Availability (MA) Increased by **10.1%**	Systems Down for DLA Parts Decreased by **29%**
Navy	Materiel Availability (MA) Increased by **~1%**	Systems Down for DLA Parts Decreased by **32%**

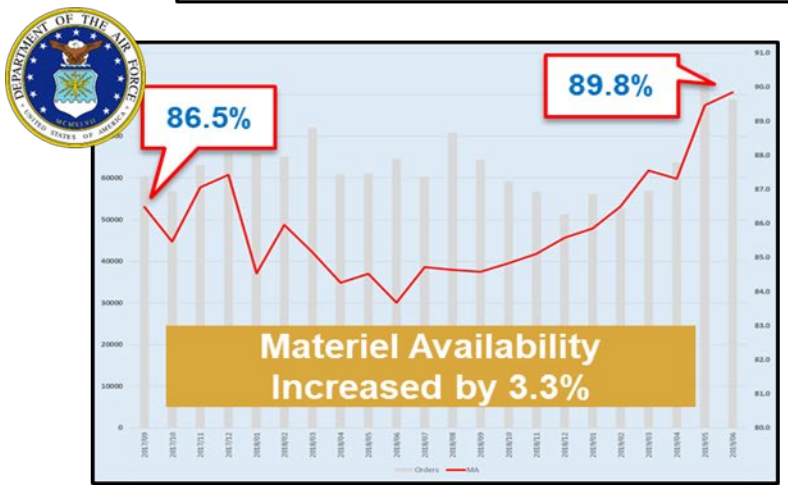
3. DLA Support in a Day:

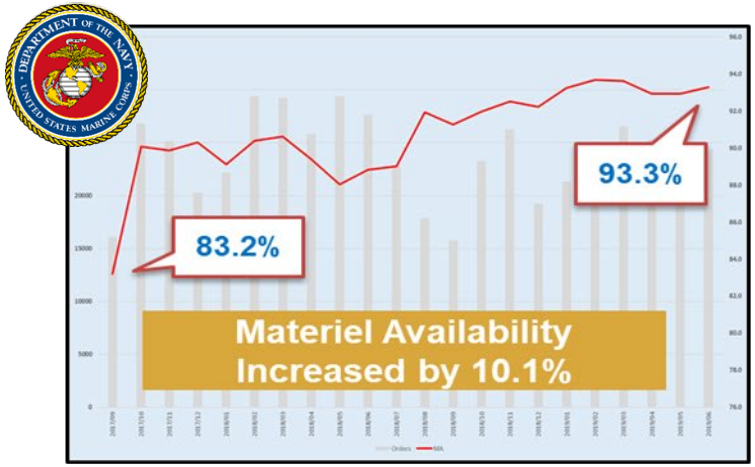
- **89,032** orders
- **8,802,739** gallons of fuel
- **166,782** uniform item issues
- **1,002,739** meals
- **9,972** medical items
- **14,761** pharmaceutical items
- **2,967** CLIV items
- **6,572** turn-ins
- **6,965** repair parts

DLA Support to Warfighter Service Readiness

Materiel Availability



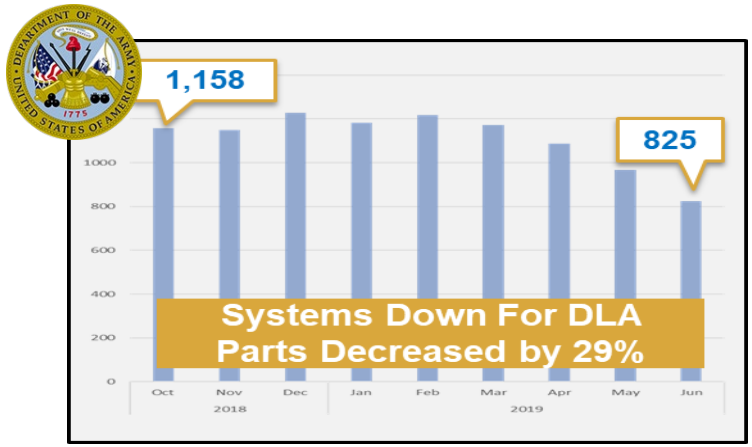


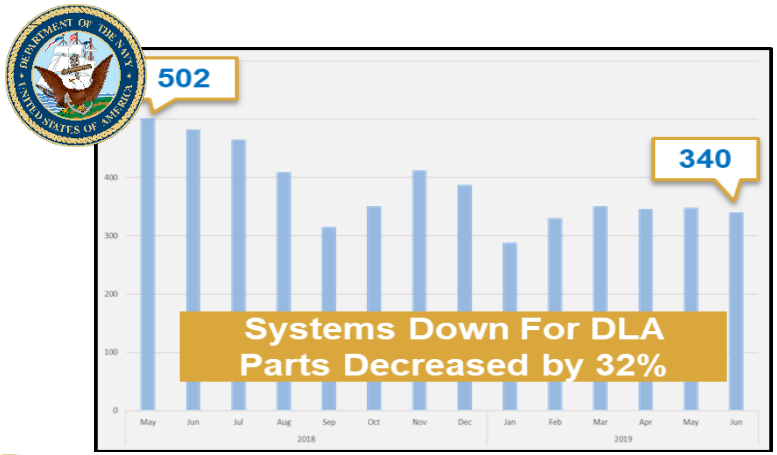


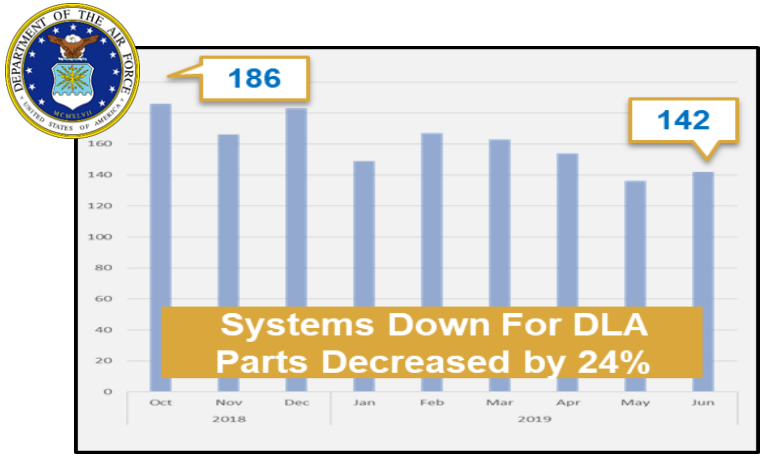
DLA Materiel Support is Near an All-Time High

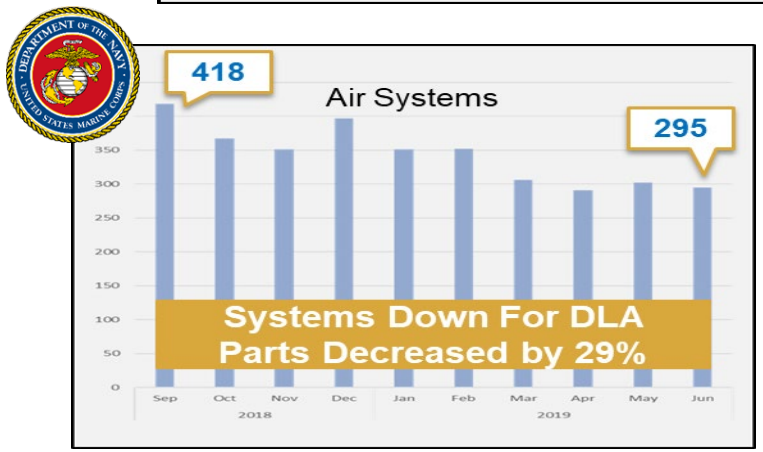
DLA Warfighter Support

Support to Service Identified Platforms









* As measured on the DLA Dashboard

Number of Systems Down Decreased Significantly

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Under Secretary of Defense
for Acquisition and Sustainment

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Maj Gen Allan Day

Director DLA Logistics Operations

Operational Environment

Why North Korea Launched Ballistic Missiles Less Than 4 Weeks After the Third Trump-Kim Meeting

U.S. special forces soldier killed during combat in Afghanistan

'It's just a matter of time:' Despite fewer wildfires so far in 2019, California braces for another busy fire season

What Turkey's purchase of a Russian air defense system means for the U.S. and NATO

Iran seizes British tanker in Strait of Hormuz

The Venezuelan Refugee Crisis Is Not Just a Regional Problem

Africa

Suspected Boko Haram fighters kill 65 in attack on funeral in Nigeria

National Security

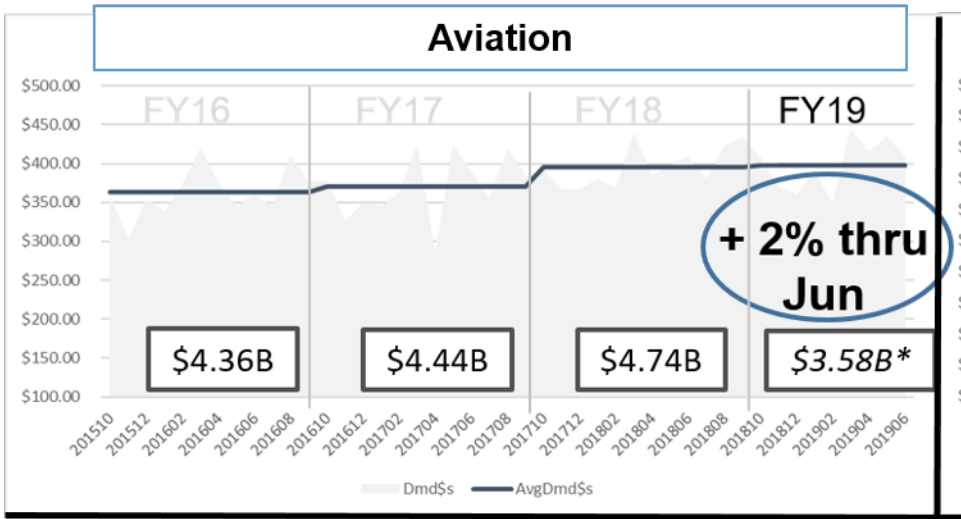
Capital One says data breach affected 100 million credit card applications

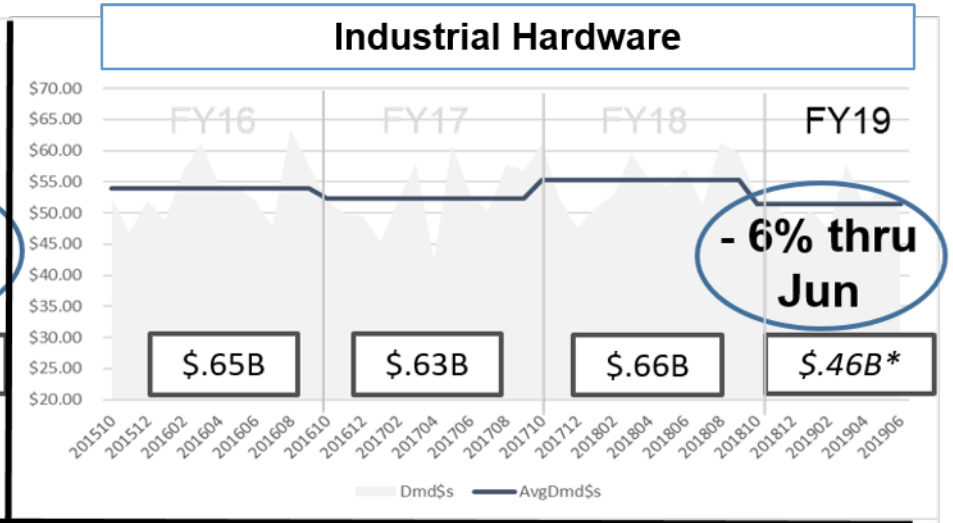
Rising South China Sea Tensions Cast Shadow Over Asean Summit

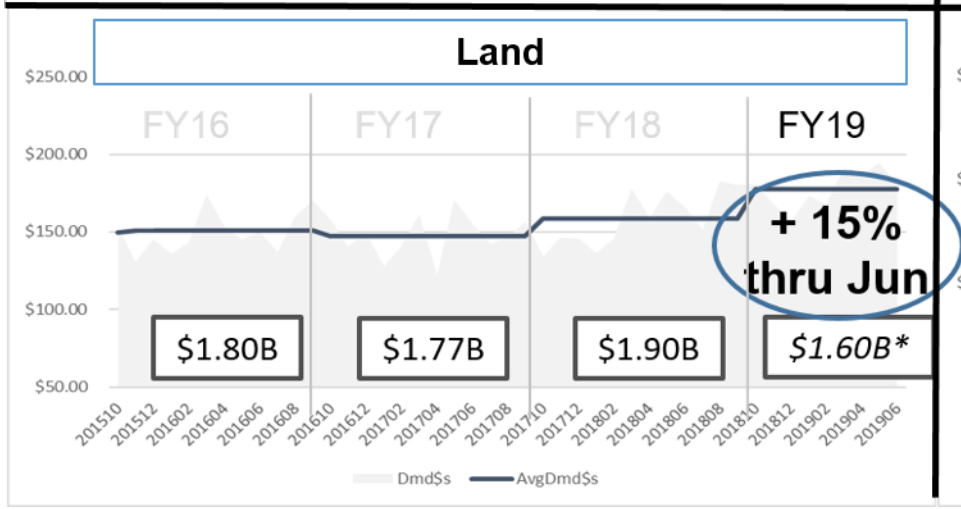
Our Need for Readiness Now

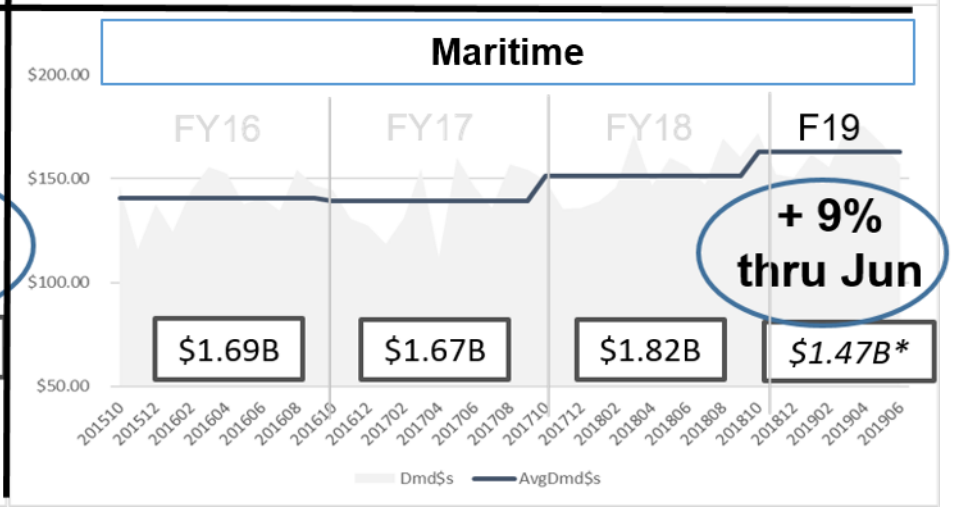
Demand Trends by Supply Chain

Hardware









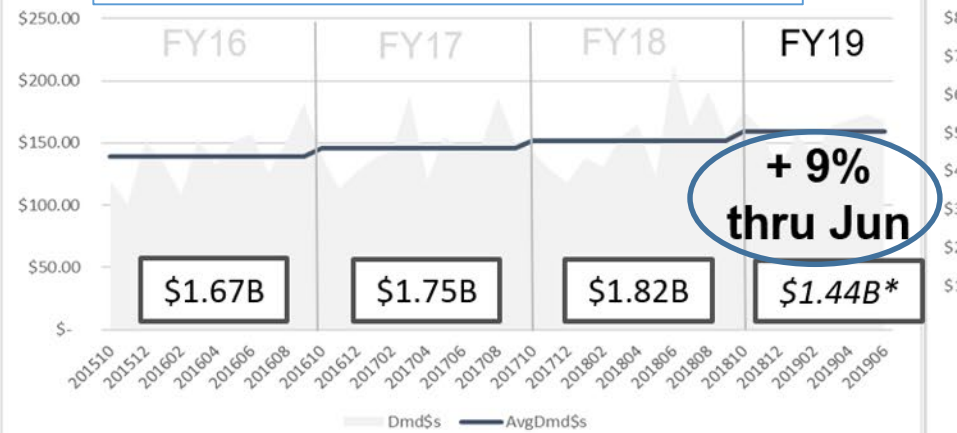
Warfighter Demand for Hardware $s Up 5.4% Through June 2019

*through June 2019, Demand $s are at Selling Price

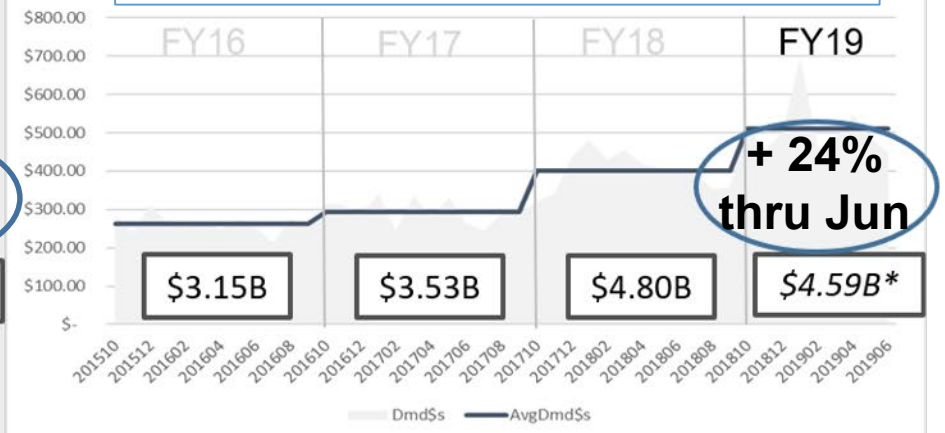
Demand Trends by Supply Chain

Troop Support

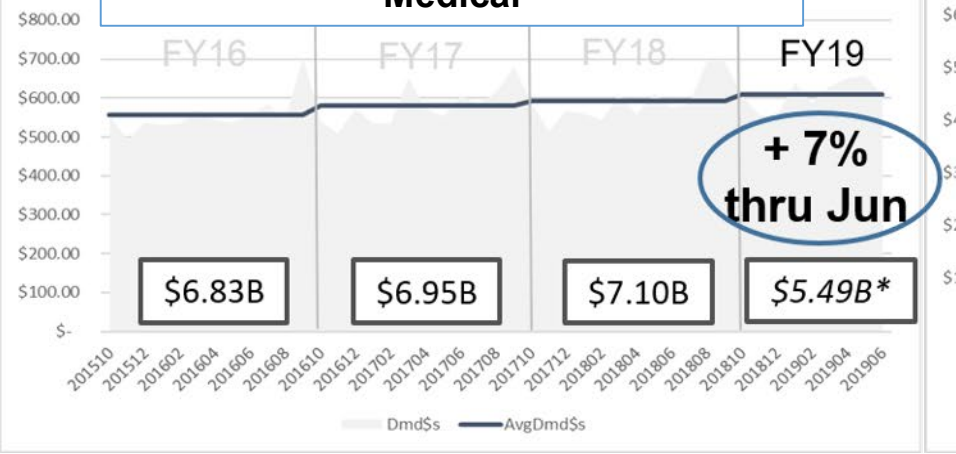
Clothing & Textiles



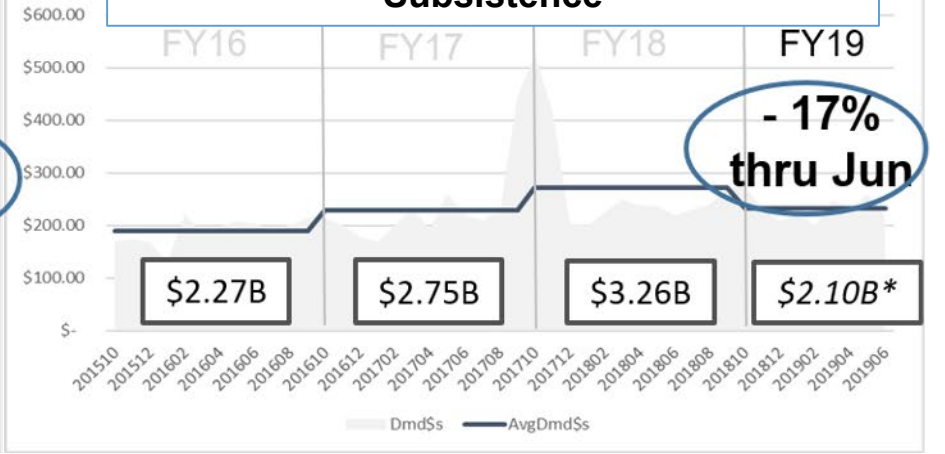
Construction & Equipment



Medical



Subsistence



Warfighter Troop Support Demand $s Up 7.1% Through June 2019

*through June 2019, Demand $s are at Selling Price

Influences on Warfighter Demand

Service Level + NDAA Adjustments*

Air Force

+ 3.2% **increase in flight hours** in FY20, and 1.6% increase in FY21
+ 0.7% **increase in troop levels** in FY20 and FY21
+ Nuclear Enterprise Items
+ Pilot Absorption/Production Campaign focus
+ **Mission Capable 80 Platforms** (F-16, F-22, F35)

Army

+ Increase in Brigade Combat Team rotations FY20 & FY21
+ **Enhanced support for Big 6 Platforms** and **Common Authorized Stockage List**
+ 0.3% **increase in troop levels** in FY21
+ 3.89% **increase in flying hours** in FY21
- 0.41% **decrease in flight hours** in FY20
- 1.5% **decrease in troop levels** in FY20

Marines

+ 0.1% **increase in troop levels** in FY20 and FY21
+ War Reserve Modernization
+ Surge Capacity of Industrial Bases
+ Targeted Fieldings
- Targeted Divestures
- Additive Manufacturing

Navy

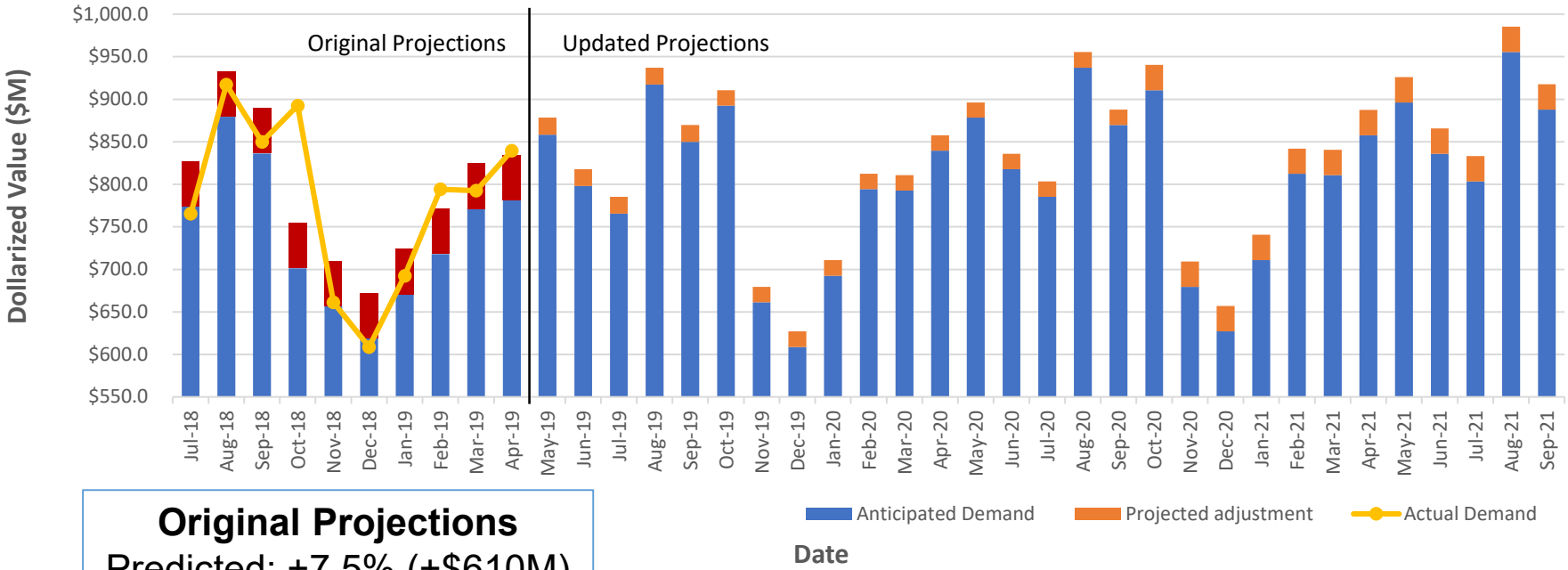
+ 3.1% **increase in number of ships** in FY20 and FY21
+ 1.3% **increase in troop levels** in FY20 + 0.65% in FY21
+ F/A-18, VA Class Subs, SQQ-89, Aegis BMD, SLQ-32, CIWS
- 5.6% **decrease in flight hours** in FY20 and a - 2.8% decrease in FY21
- 4.3% **decrease in steaming days** in FY20 and a - 2.5% decrease in FY21
- 6.8% **decrease in depot maintenance** in FY20 and a - 3.4% decrease in FY21

* Current information- subject to change

Projected Demand

Hardware

Service-Shared Data	+	NDAA Weapons Focus	=	Change in Demand $s	
				FY20	FY21
				+ 2.3%	+ 3.7%

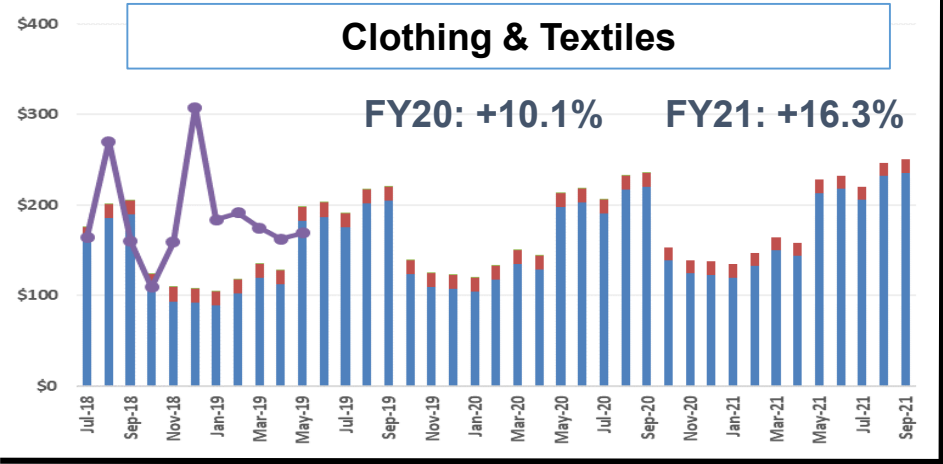


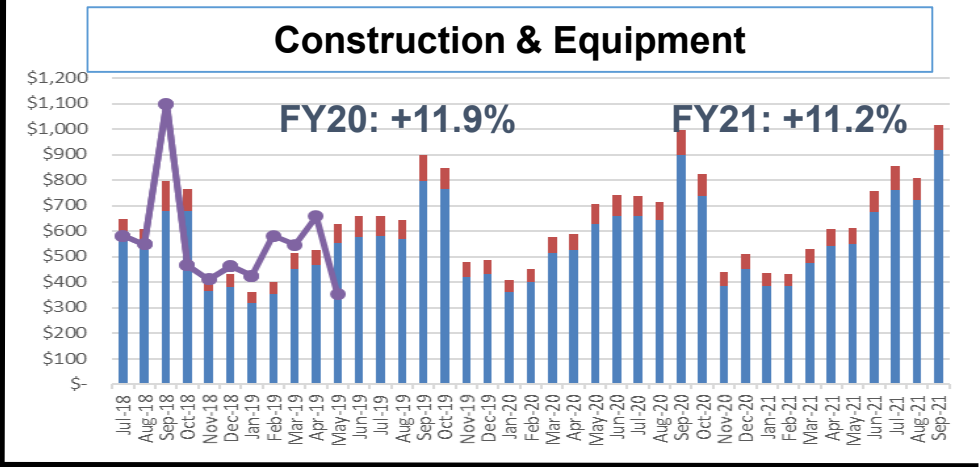
Original Projections
Predicted: +7.5% (+$610M)
Actual: +5.3 (+$436M)

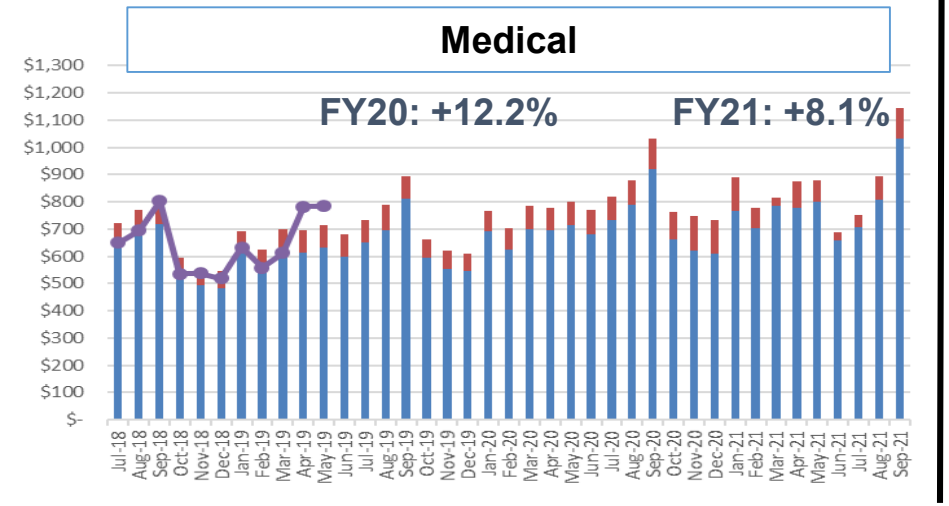
6.0% Increase in Demand ($576M) Over FY20 & 21

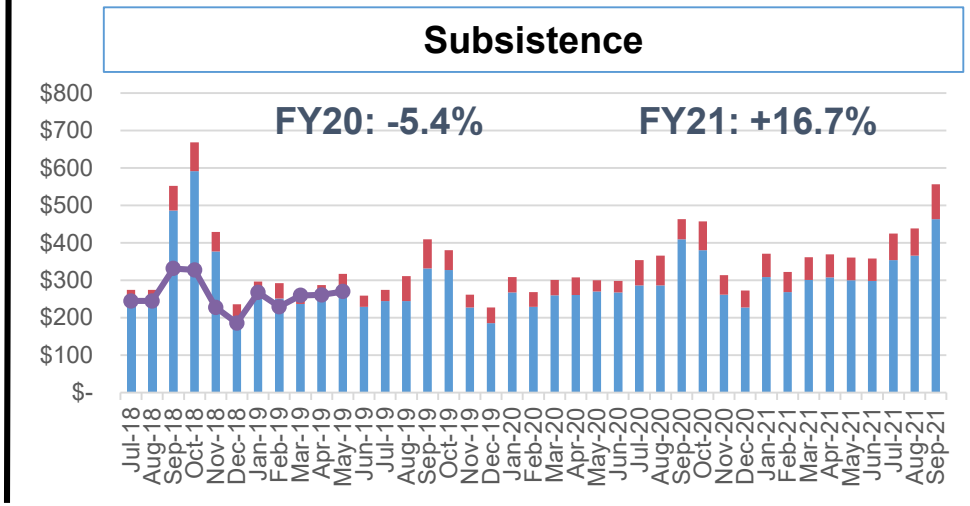
Projected Demand

Troop Support Commodities









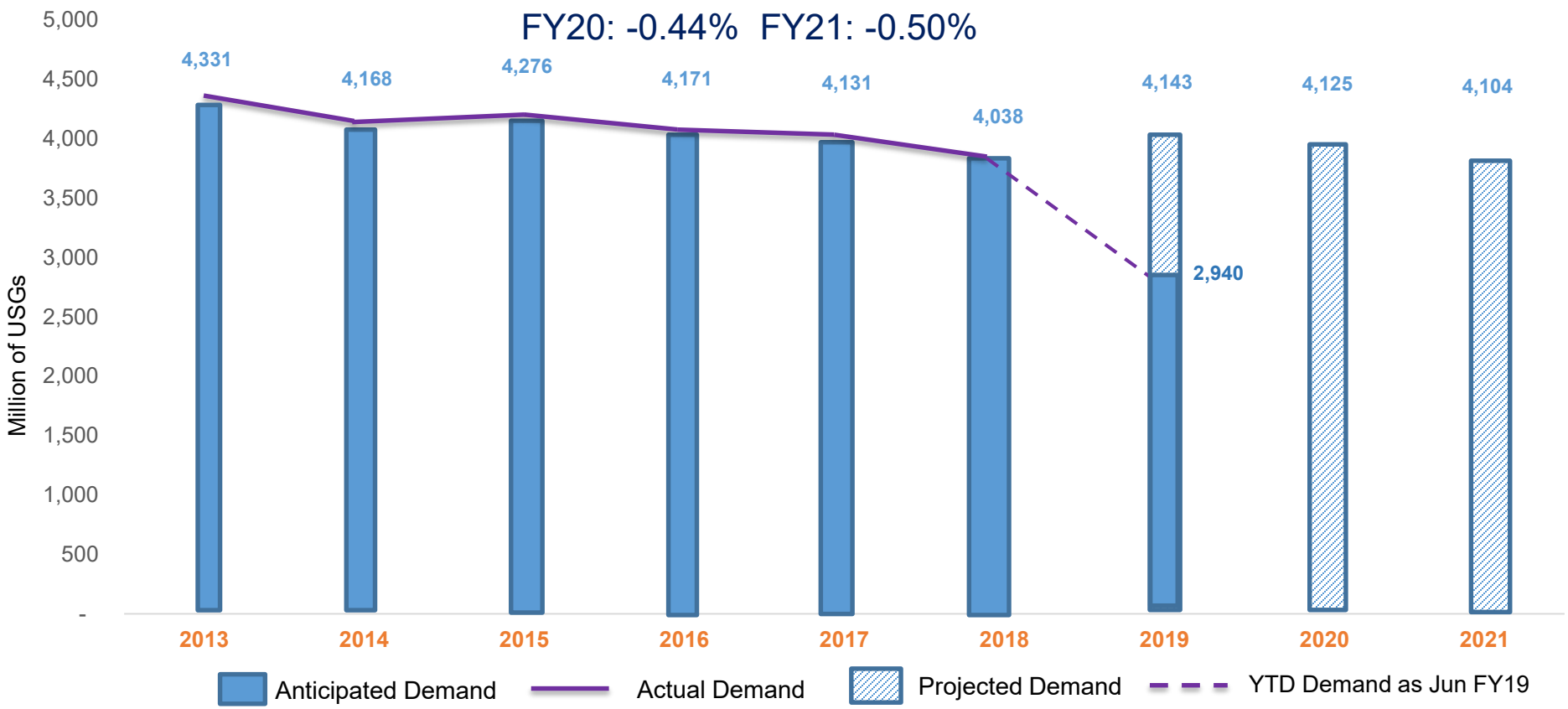
Anticipated Demand | Projected Increase | Actual Demand

12% Increase in Demand in Both FY20 & 21 (+$1.7B)

Projected Demand

Energy

Net Sales of Petroleum



Petroleum Demand Projections Remain within +/- 1% of Actual Demand

Supply Chain Security Strategy

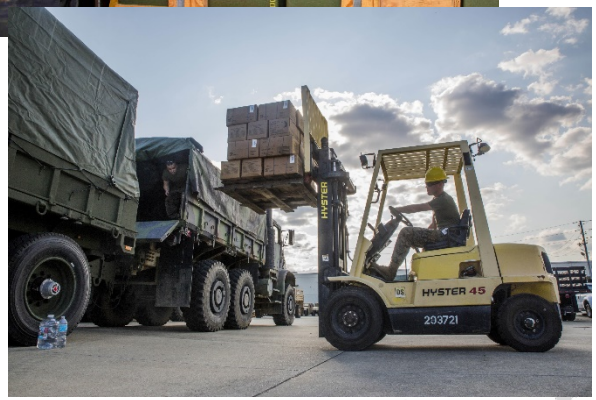
- Appendix I to DLA's 2018-2026 Strategic Plan, published July 2019
- 8 new initiatives designed to **strengthen operational resiliency**
  - Key Initiative: Optimize use of cybersecurity as discriminator in source selection/awards

Maximizing Security Through Information Sharing/Strong Partnerships

Ensuring Warfighter Support

Way Ahead

- **Enhanced stakeholder collaboration between DLA and stakeholders (industry, Warfighter, Whole of Government partners)**
- **Evolution of DLA practices & processes**
  - More precise demand forecasting
  - Focus on the right inventory
- **Continued readiness improvements**
- **Enhanced Supply Chain Security**
- **Anticipate overall growth, with some demand variability amongst Military Services**



Your Partnership is Key in Maintaining Military Service Readiness

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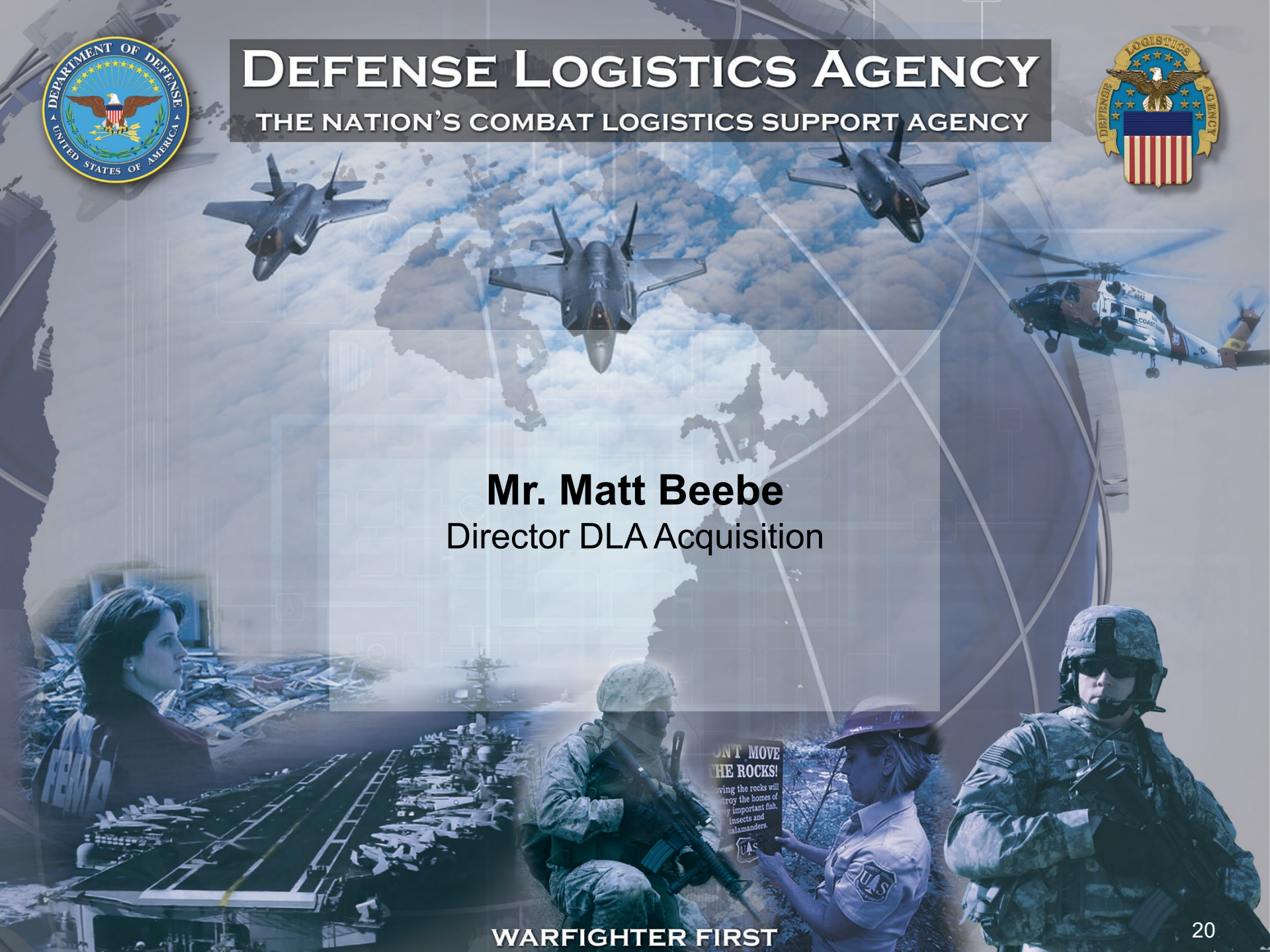
Mr. Matt Beebe

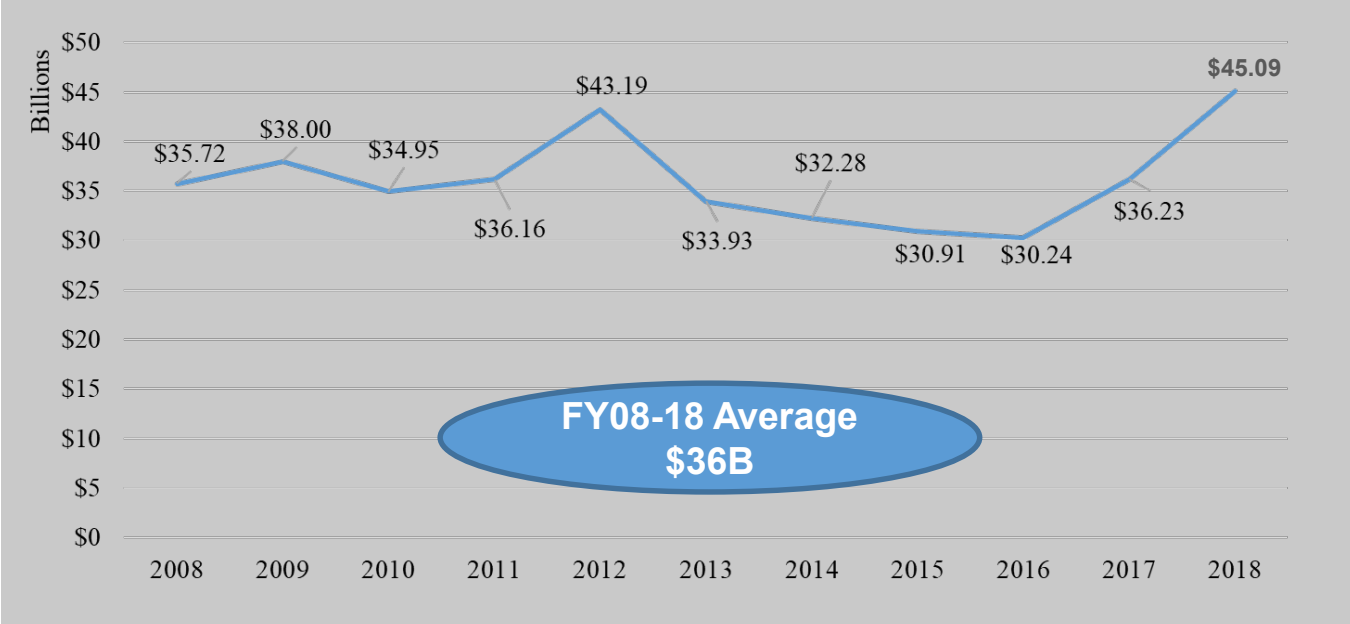
Director DLA Acquisition



WARFIGHTER FIRST

Business Opportunities

DLA Contract Obligations



- **FY19 projected to be above 10-yr average, but below FY18 peak**
  - Contract Obligations projection - $37B to $40B
  - Small business projection - $12B to $13B
  - AbilityOne projection - $500M to $600M
- **Anticipate FY20 to be similar or slightly higher range as FY19**
- **Some Supply Chains maintain predictable trend, others fluctuate**

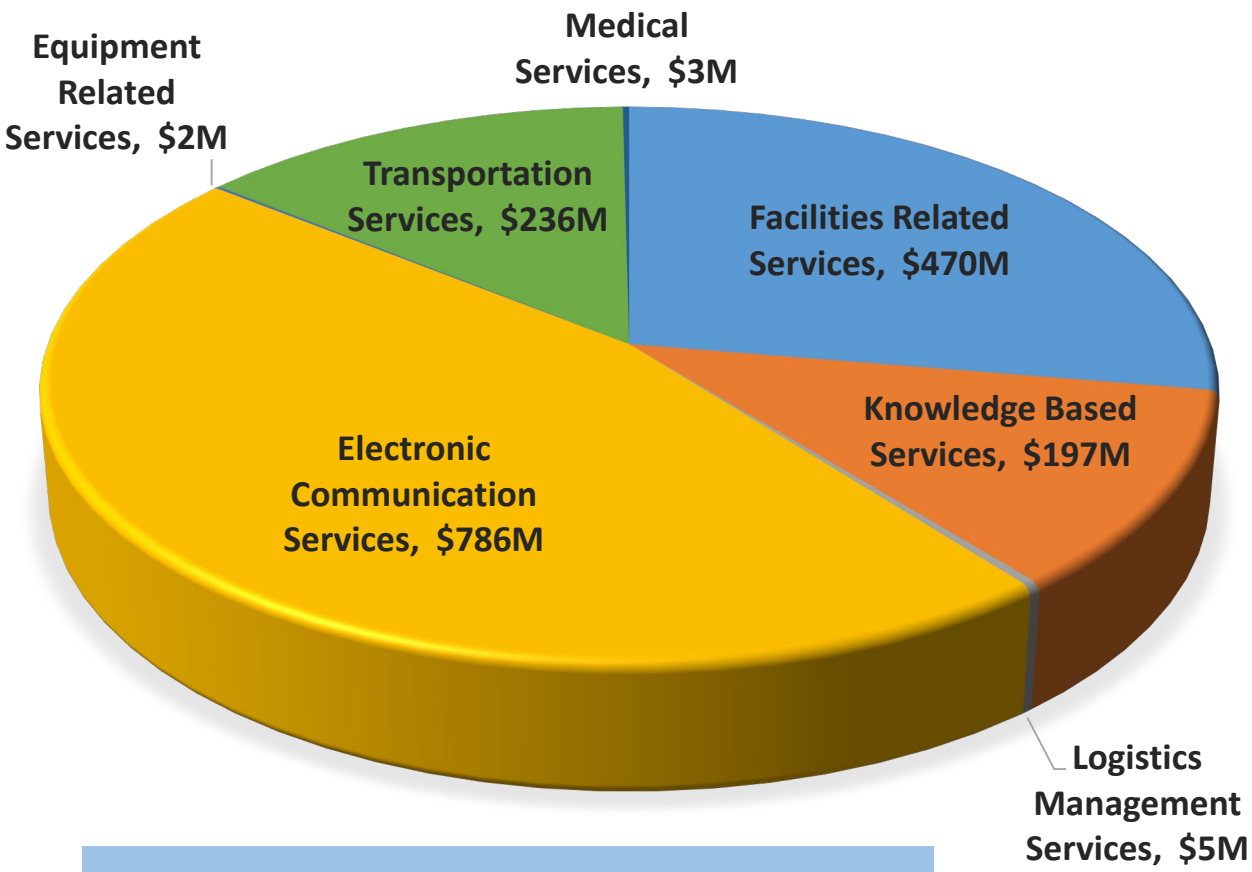
Refining DLA's Business Model

Maximize Return on Investment

- DLA business opportunities to remain **above historical average**
  - Continue to improve material support to military services
  - Focused investments that support readiness with reduced cycle time to sale
- Most will see patterns **consistent with FY19**
- Hardware market segments may see **adjustments to our buying patterns**
  - Smaller buys more frequently
  - Quicker inventory turns
  - Leverage even greater commercial capability
- DLA will fully support **DoD reforms** in Category Management
  - Initiatives aimed at Enterprise Buying

Partnership is Key to Address Change

Service Contract Portfolio



- Anticipate downward trend through the FYDP

JETS Industry Day - November 2019

Approximately $1.7B for FY19

DLA Supplier Feedback Survey

Results

DLA Communication
- Trustworthiness
- Timeliness

Growth and Profit Potential
- Ease of Bidding
- Growth Opportunity

DLA-Supplier Relationship
- Timely Resolution
- Valued Supplier
- Accessibility

DLA Effectiveness
- Industry & Supplier Knowledge
- Innovation

- 2,999 responses from 7,819 invitations for a 38% response rate

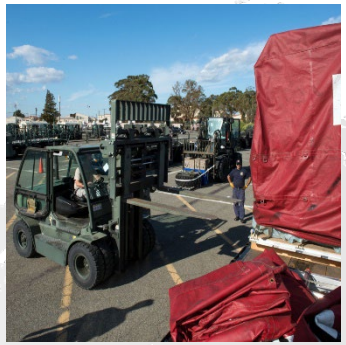
- Strengths – Valued Supplier, Trustworthiness
- Areas for improvement
  - Innovation
    - ✓ DLA Research & Development Day – November 7
  - Industry & Supplier Knowledge
    - ✓ Market Intelligence

Look for Next DLA Survey Fall 2020

Remaining Agenda Highlights

Building Stronger Relationships

Informative breakout sessions throughout the day – Highlighted by DLA opportunities for FY20/21



- Each buying organization will present opportunities twice
- DLA Supply Chains, Artificial Intelligence, Service Contract Requirements, Cybersecurity

Presenting $31B+ in DLA Opportunities

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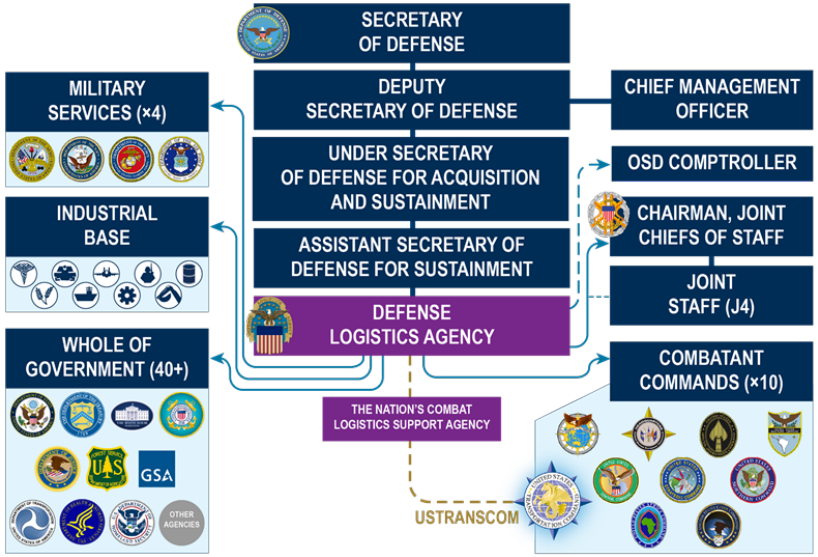
Supply Chain Panel

Mr. Michael Scott, DLA Vice Director

RDML John Palmer, DLA Land & Maritime
Brig Gen Albert Miller, DLA Energy
BG Gavin Lawrence, DLA Troop Support
Ms. Twila Gonzales, DLA Distribution
Mr. Mike Cannon, DLA Disposition Services
Ms. Cathy Contreras, DLA Aviation

DLA Overview

- **$39.0B** in Revenue
- **$150B** Active Contracts Managed
- ~100% Military Services' Consumables
- Over **12K** Suppliers
- **10K** Awards per day
- Manage over **6M** line items
- **27K** Workforce, **2K** Forward Positioned
- Executive Agent for Bulk Fuel, Medical Materiel, Subsistence, Construction & Barrier Materiel



TROOP SUPPORT	LAND & MARITIME	AVIATION	ENERGY	DISTRIBUTION	DISPSITION SERVICES
Global Supply Chains: Subsistence, Clothing & Textiles, Construction & Equipment, Medical, and Industrial Hardware	Repair parts for ground-based and maritime systems	Repair parts for aviation systems, nuclear systems, maps and Industrial Plant Equipment	Global fuel and comprehensive energy solutions	Global storage and distribution solutions	Global solutions for disposal of excess property
• $17.7B Revenue	• $3.7B Revenue	• $5.0B Revenue	• $10.6B Revenue	• $962M in Revenue	• $338M Revenue
• 51K+ Customers	• 13K+ Customers	• 13K+ Customers	• 4K+ Customers	• 243K+ Customers	• 31K+ Customers
• 3 Locations	• 2K weapon systems	• 2K weapon systems	• 602 Fuel Locations	• $105B in Inventory	• Reutilization: $2.5B
	• 8 Locations	• 19 Locations		• 43 Locations	• 89 Locations
BUY				DISTRIBUTE	DISPOSE

* FY 18 Actuals

Where You Can Help

Working Together

- **Ensuring On-Time Delivery**
- **Reducing Suspended & Frustrated Stock**
- **Maintaining Communication and Responsiveness for Critical Requirements**
- **Developing Innovative Solutions**
  - Decreased Cycle Times
  - Exceed On-Time Delivery Standards

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Industry Day

Taking it to the Next Level

Partnering with Industry to Improve Warfighter Readiness

July 31, 2019