



DLA
DEFENSE LOGISTICS AGENCY
Established 1961



The Nation's Combat Logistics Support Agency

Industry Association Meeting

June 28, 2022





TRANSFORMING GLOBAL LOGISTICS

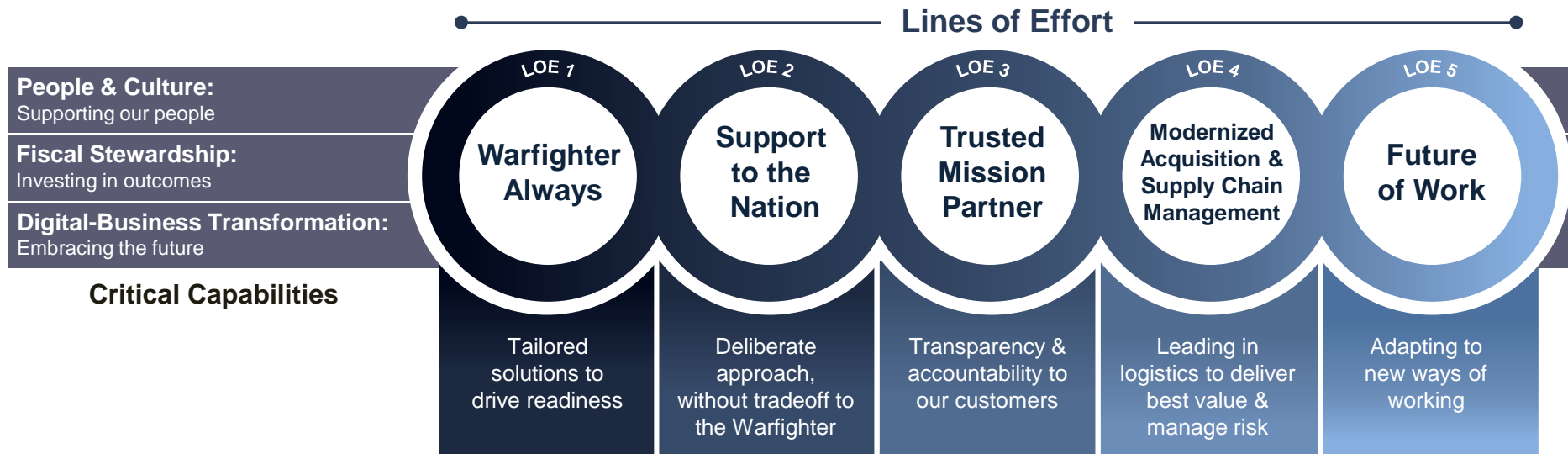
As the Nation's Combat Logistics Support Agency, we must lean forward to address new challenges that threaten our global environment. We will meet those threats and the evolving needs of the Warfighter and Nation with this Strategic Plan, which identifies our most critical priorities and will **transform 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**.

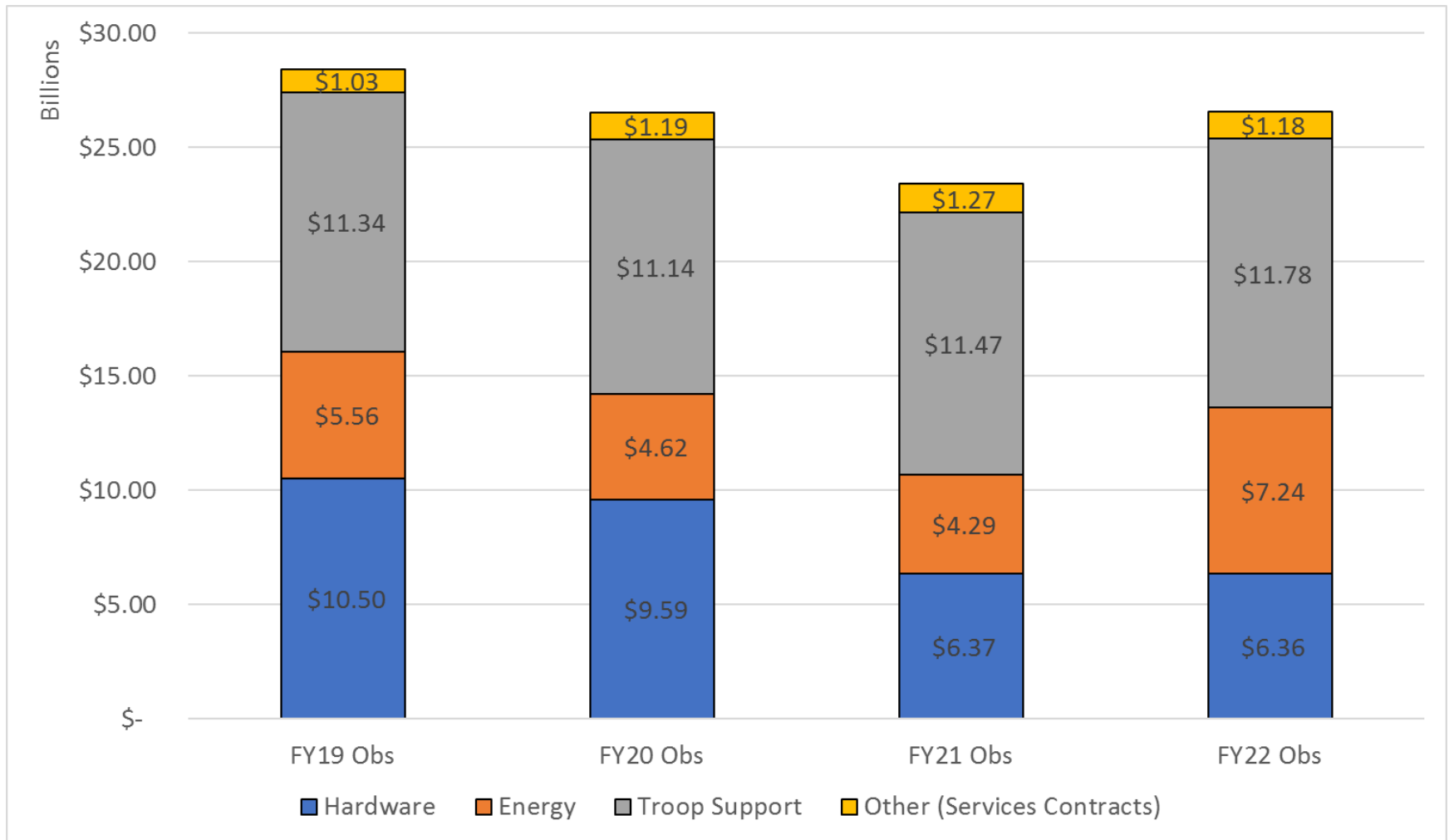


Enterprise Key Performance Indicators (KPI) measure the success of this strategy:

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



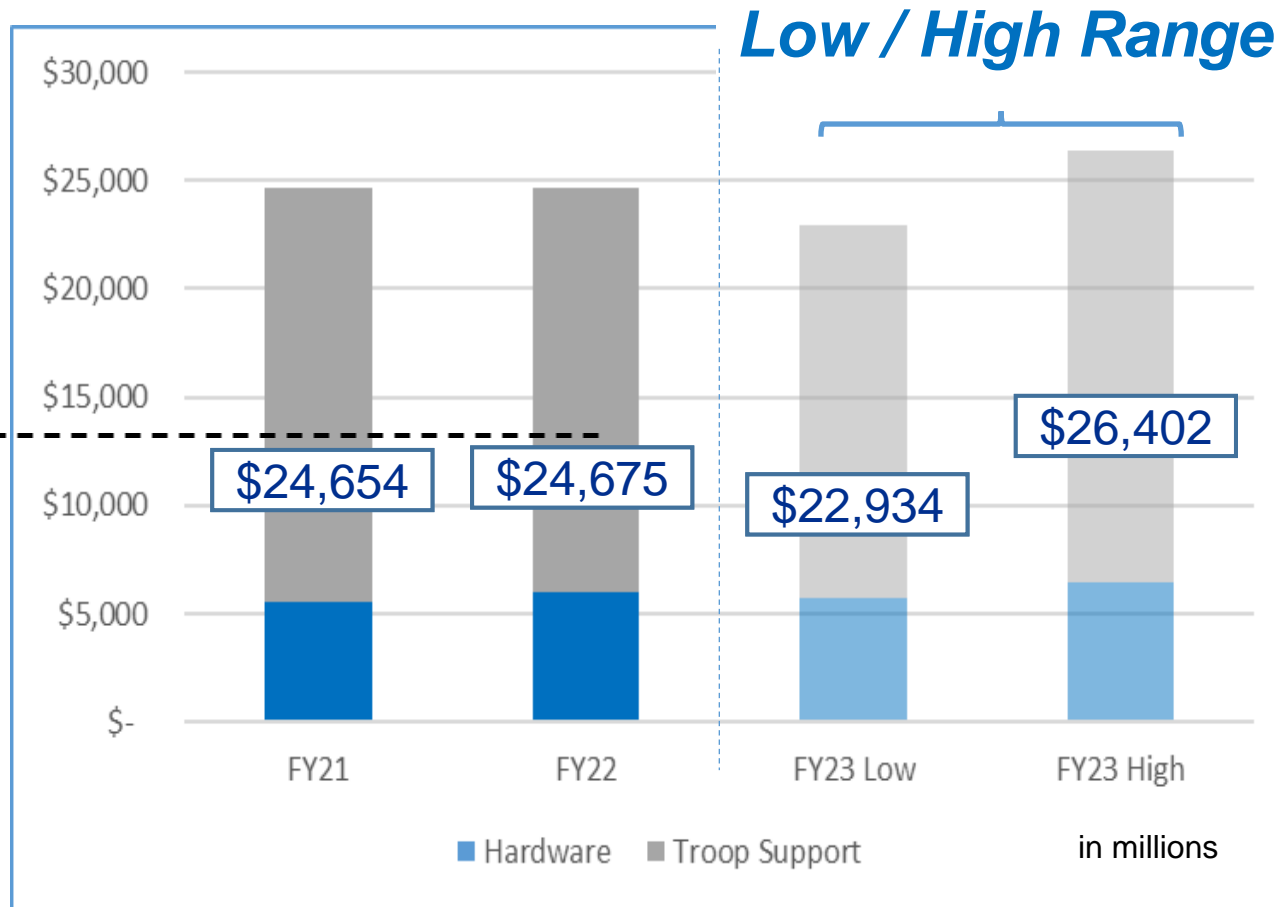
Cumulative DLA Obligations (Oct-May)



Number of orders stabilize after recent declines, but dollar value will increase



DLA Orders (Obligations) to Industry FY23 Projections for Hardware and Troop Support



Previous Prediction from Oct \$24,802

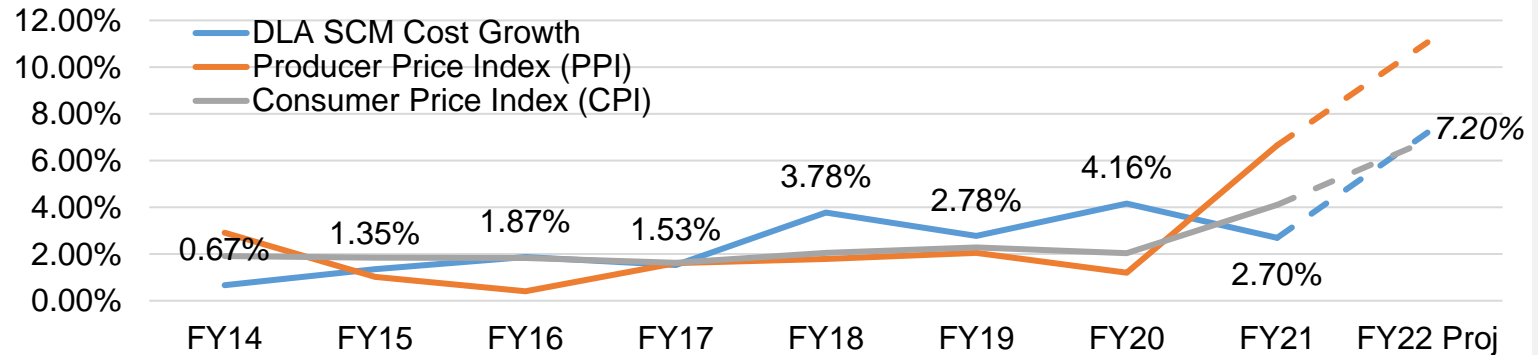
Note: does not include DLRs

Orders estimated to range between -7% to +7% compared to FY22

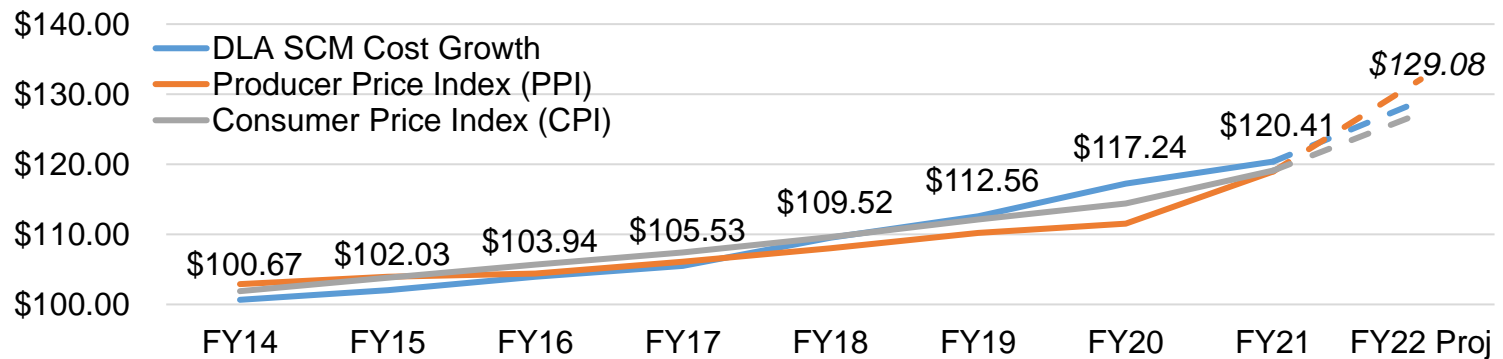


DLA SCM Materiel Cost Growth

DLA SCM Materiel Cost Growth tracked inflation well from FY14-FY19



Cumulative graph showing the normalized impact of the percentage changes above

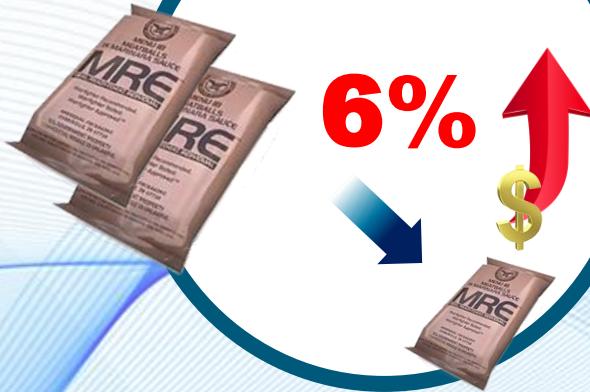


DLA may buy less quantities even as spending increases



Inflation Impact Examples

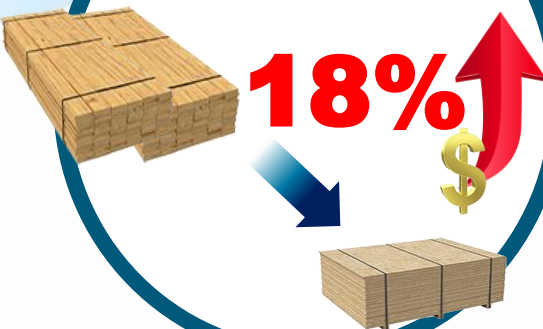
MREs



Women's
Slacks



Lumber



First Aid
Kits



Valves





Impact to Competition & Supplier Base

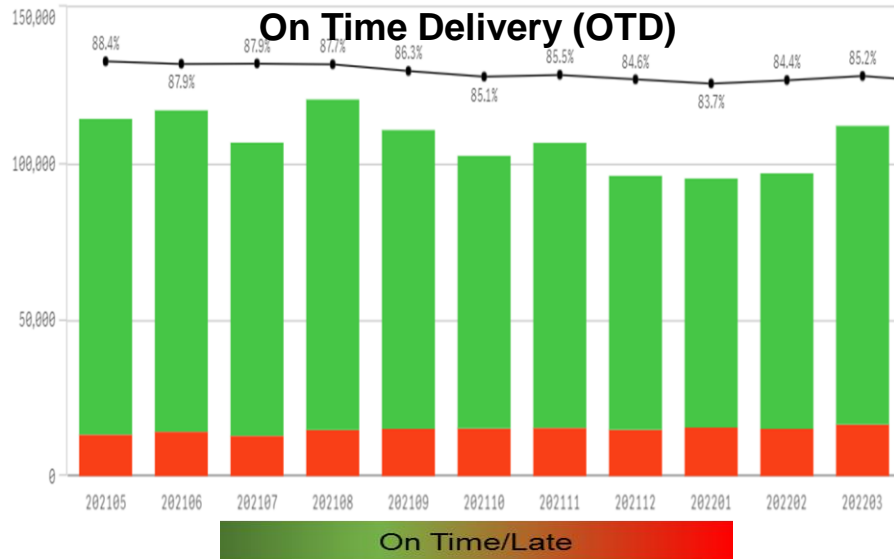
Analysis

- Several supply chains have seen a reduction in offerors due to COVID impacts, business closures, increased cost, and supply reductions
- The # of unique suppliers has decreased, consistent with Federal/DoD rates
- COVID temporarily increased the supplier base, but recent supply chains issues have reduced that slight increase in FY20
- The # of offerors will decline in some supply chains while others experience minimal impact

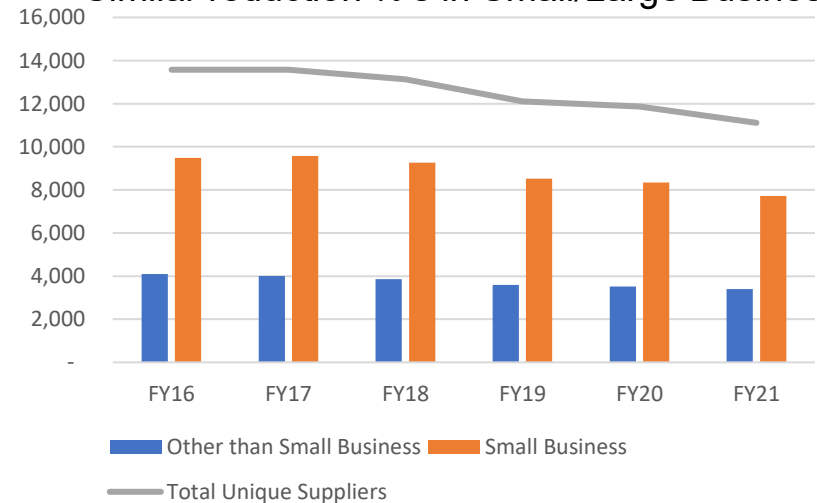
Competitive Acquisitions (2 or more offers per action)

Supply Chain	JAN to MAR	JAN to MAR	Difference
	2019	2022	
CLOTHING & TEXTILE	83%	84%	1%
CONSTRUCTION & EQUIPMENT	88%	86%	-2%
MEDICAL	82%	88%	7%
SUBSISTENCE	71%	74%	4%
ENERGY	86%	91%	5%
LAND	83%	85%	2%
MARITIME	85%	85%	0%
DCSO	72%	77%	6%
AVIATION	83%	83%	0%
DISPOSITION SERVICES	86%	85%	-1%
DISTRIBUTION	73%	76%	3%
DLA	84%	84%	0%

On Time Delivery (OTD)



Similar reduction %'s in Small/Large Businesses





DLA Response to Inflation and Industrial Base Reduction

- Update Supplier Interaction tools
- Build strategies to reduce supplier churn
- Increase small business supplier diversity
- Address market specific challenges



Industrial Base

- Less emphasis on Long-Term Contracts
- Adjust Quantity & frequency of buys
- Early contract recompetes
- Adjusting EPA clauses within limits
- Training KOs on contract options



Acquisition Strategies



Modernization

- Enhanced market intelligence
- Deepened industry engagement
- Strengthened supply chain



Remaining Challenges

- EPA applicability and execution
- EPA ceilings
- Contractor reluctance to EPAs
- Government-wide reduction to supplier base
- Solutions not limited to procurement spend



LOE 4: Modernized Acquisition and Supply Chain Management
Leading in logistics to deliver best value and manage risk

