



DEFENSE LOGISTICS AGENCY

EXTENDING THE ENTERPRISE FORWARD TO THE POINT OF THE SPEAR

QUICK FACTS

Industry

Defense and security

Budget

US\$32 billion

Employees

22,000

Headquarters

Fort Belvoir, Virginia

Web Site

www.dla.mil

SAP® Solution and Services

SAP® ERP application

Implementation Partner

Accenture

The ability of the Defense Logistics Agency (DLA) to deliver the right logistics solution to U.S. warfighters in every relationship requires supply chain, business system, and operational excellence. As it evolves from managing supplies to suppliers and its responsibilities broaden, DLA is replacing its legacy software with commercial, off-the-shelf software from SAP and other vendors to build end-to-end logistics solutions that balance effectiveness, agility, reliability, speed, visibility, and cost.

Key Challenges

- Manage and supply almost every consumable item America's military services need to operate, from groceries and clothing to jet fuel and repair parts for 1,312 weapons systems
- Handle 54,000 requisitions per day
- Serve field operations worldwide, including war-fighting locations
- Adhere to all Joint Task Force Global Network Operations security standards

Risk-Mitigated Implementation

- Demonstrated a complete range of functions across a broad universe of items of supply
- Phased in implementation while continually satisfying critical responsibilities in a time of unprecedented demand pressure
- Positioned for continuous process evaluation and improvement

Financial and Strategic Benefits

- Improved effectiveness and efficiency
- Reduced costs through automation and real-time processing
- Optimized distribution network
- Implemented ability to provide real-time supply chain information
- Improved total asset visibility
- Increased data accuracy and accessibility
- Provided a single enterprise application for management of all DLA product data
- Implemented standardized, repeatable training across the enterprise

Program Goals

- Improve customer fulfillment including status notification and response time
- Reduce cost of operations as reflected in the cost recovery surcharge rate to customers
- Sustain high level of support to warfighters as reflected in the material availability rate
- Provide 100% supply chain interoperability with combatant command/service systems
- Comply with all applicable requirements

Reduced Total Cost of Ownership

- Retired legacy systems (notably the Standard Automated Material Management System and the Defense Integrated Subsistence Management System), thereby avoiding US\$475 million that would have been required to make them compliant with standards over the next 10 years
- Used commercial, off-the-shelf software with record for scalability and configurability
- Minimized costly custom development

Operational Benefits

Key Performance Indicator	Impact
Customer notification time	From days to hours
Logistics response time	-29%
Cost of operations as reflected in cost recovery surcharge rate	-35%
Supply chain interoperability	100%
Security compliance	100%
Compliance with FFMIA and SFIS ¹	100%
Position descriptions across the enterprise	-92.5%
Personnel requirements	-500 FTEs

1. Federal Financial Management Improvement Act and Standard Financial Information Structure

If a soldier, sailor, airman, Marine, or Department of Defense civilian drives it, flies it, wears it, repairs it, eats it, or is restored to health by it, DLA buys it, stores it, distributes it, and disposes of it.

www.sap.com/contactsap

Transforming Supply Chain Management

The Defense Logistics Agency (DLA) is the U.S. Department of Defense (DoD) supplier of logistical support to America's troops around the world, providing over 5.2 million spare parts and troop support items to the military services annually. To improve efficiency and lower costs, DLA replaced its legacy systems with commercial, off-the-shelf software including the SAP® ERP application, resulting in the DLA Enterprise Business System (EBS). The transition to EBS, implemented by DLA and its industry partner Accenture, encompassed the entire organization and spanned six years, culminating with full operational capability in July 2007.

Optimizing Processes, Cutting Costs

Combining software from SAP and other vendors and systems integration from Accenture, DLA radically transformed itself as an agency. By replacing legacy systems such as the 35-year-old Standard Automated Material Management System and the Defense Integrated Subsistence Management System, DLA was able to reengineer processes based on best business practices. As a result, the agency achieved an environment that optimizes the supply chain through task automation and process improvements, which have decreased

material and operational costs and improved customer service. DLA will avoid significant IT costs as well by retiring legacy systems that would have been very expensive to bring into compliance with new standards and regulations. EBS is fully compliant with applicable standards and regulations and fully interoperable with combatant command/service systems.

DLA now has a single enterprise application for managing all product data that provides new levels of accuracy and accessibility. In addition, DLA has optimized its distribution network for vendor shipments and is providing customers with real-time supply chain information. All assets are visible in real time for more informed decision making. By automating manual tasks and transitioning from batch to real-time processing, DLA is accomplishing more with less.

Driving Continuous Improvement

DLA has several other programs that build on EBS to deliver new solutions, including:

- The Energy Convergence program for improving fuel supply chain management
- The Enterprise Procurement initiative for all supply chains and business area procurements
- Integrated Data Environment program for sharing information throughout the extended DLA enterprise
- The Reutilization Business Integration initiative for managing the reuse and resale of unneeded goods

- The Customer Support Management initiative for providing the information and processes needed to understand and fulfill customer needs

EBS is enabling DLA to improve customer fulfillment and maintain material availability while providing the opportunity to implement policies that reduce inventory and warehouse operations costs. Among the many benefits DLA anticipates are:

- Further decrease in costs to customers as a result of lower prices from suppliers and reduced internal costs
- Enhanced sales and operations planning processes that increase actionable customer intelligence
- Reduced system costs over 10 years through further legacy system retirement
- Compliance with DoD Standard Financial Information Structure
- Continued maintenance of 100% security compliance
- Continued maintenance of 100% critical information exchange
- Enhanced use of Web services

With EBS, DLA has already accomplished many of its modernization goals. But far more benefit lies ahead as the agency continues through its current and future EBS-based initiatives to find new ways to better fulfill its mission: providing America's warfighters with the right items at the right time at the right place at the right price – every time.

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