AFCEA Luncheon
DLA Brief

Ms. Michelle Jacobs, Director
DISA Liaison & Hosting
February 27, 2019
Roadmap

About us…
• Defense Logistics Agency
• Information Operations (J6)

J6 Transformation Efforts
• Transformation Drivers
• Current J6 Response/Transformation Initiatives
• Near & Future for J6
DLA Relationships

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Sustainment (A&S)

Assistant Secretary of Defense (Sustainment)

Defense Logistics Agency

Chairman, Joint Chiefs of Staff

Joint Staff (J4)

Combatant Commands (×10)

Military Services (×4)

Industrial Base

Whole of Government (40+)

Warfighter First
MISSION:
Sustain Warfighter readiness and lethality by delivering proactive global logistics in peace and war.

VISION:
The Nation’s Combat Logistics Support Agency... global, agile and innovative; focused on the Warfighter First.

WHY:
To serve the Warfighter and our Nation!

PEOPLE AND CULTURE ARE AT THE HEART OF EVERYTHING WE DO
Global Supply Chain Management

**DLA QUICK FACTS:**

- **$38.8B** FY18 Revenue, incl: **$970M** Foreign Military Sales & **$14B in Small Business**
- **6M** line items from over **12K** Suppliers
- **26M transactions** supporting 294K customers
- **27K Workforce**, 2K Forward Positioned
- **$1.6B in Disaster Relief** – 88M meals, 3M gallons fuel to those in need
- **17K Real Property inventory in 538 locations**

**NINE GLOBAL SUPPLY CHAINS:**

**TROOP SUPPORT**
- Global Supply Chains: Subsistence, Clothing & Textiles, Construction & Equipment, Medical, and Industrial Hardware
  - **$17.6B Revenue** (up 13% from FY17)
  - **51K+ Customers**
  - **3 Locations**
  - Awarded $78M in footwear contracts

**LAND & MARITIME**
- Repair parts for ground-based and maritime systems
  - Expanded Global Tire Pgm- **$2.1B**
  - Long-term PBL contract $6.7M saved by military
  - Leveraged existing commercial supply chains for 50K items worth $300M

**AVIATION**
- Repair parts for aviation systems, nuclear systems, maps and Industrial Plant Equipment
  - $4.3B awarded/5 contracts - US mil aircraft engines
  - Virtual Army Spt Team; 30% increase in contract award rate, reduced lead time 6 days

**ENERGY**
- Global fuel and comprehensive energy solutions
  - $10B Fuel revenue
  - 4K+ Customers
  - 600+ locations
  - $547M in facility projects
  - Best in Class Award by OMB

**DISTRIBUTION**
- Global storage and distribution solutions
  - $50M US Army savings; new Trans-Arabian contract
  - 243K+ Customers
  - ~$105B in Inventory
  - 43 Locations
  - Expanded Bahrain w/ ~5K new NIINS

**DISPOSITION SERVICES**
- Global solutions for excess property
  - $641M returned to military
  - $266M to state/local law enforcement
  - 31K+ Customers
  - Demilitarized 1.3K Afghan vehicles
  - 89 Locations

**SIX MAJOR SUBORDINATE COMMANDS**

BUY

DISTRIBUTE

DISPOSE
# Worldwide Information Operations

## Budget

<table>
<thead>
<tr>
<th>Key Spend Categories</th>
<th>FY18-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer/End User Supt.</td>
<td>$1.2B</td>
</tr>
<tr>
<td>Business System Acq.</td>
<td>$3.7B</td>
</tr>
<tr>
<td>Enterprise Data/Data Mgmt.</td>
<td>$2.2B</td>
</tr>
<tr>
<td>Infrastructure &amp; Hosting</td>
<td>$3.0B</td>
</tr>
<tr>
<td>DOD/Fed Govt &amp; NATO Support</td>
<td>$695M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10.1B</strong></td>
</tr>
</tbody>
</table>

## Workforce

- Civilians: 2,555
- Contractors: 3,068
- Military: 12

## Customer Profile

- DLA users: 32K
- Federal users: 44K
- DOD users: 3M+
- Commercial users: 640K
- Other (State/Schools/Police): 37K
- International: 63 Countries

## Scope of Business

- 54K total devices supported globally
- 24/7 Global Help Desk for end-user support, 750K contacts per year
- 11 Portfolios / 264+ Applications
- 170+ Small Business vendors (39.6%) plus an R&D focused Small Business Innovation Program
- 2 Primary Data Centers (Dayton/Tracy)
- Hub of logistics data for the Defense Department
  - Process & route 7.7B financial, supply, cataloging transactions/yr. & other DoD data
- 99% of order, billing & inventory transactions are automated, plus 92-94% of procurement
- 2 R&D Program Elements/14 Investment Portfolios:
  - 75 projects in Logistics Research, Manufacturing Technology & Small Business Innovation

**DLA J6 - 24x7 Global Mission Support!**
Four Objectives – Aligns J6 Efforts & Culture in DLA to Counterthe Exponential Changes in Technology & Cybersecurity

1. Innovation – adopt culture of
   - Challenge the Status Quo
   - Design Thinking – don’t “preconceive”; deploy 80% solution…
   - Engage all DLA – for automation & other ideas

2. Data Management – maximize use
   - Dashboards – live data for decision makers
   - Data science – published DLA Strategic Data Plan – 3/2018
     - Predictive analysis for demand, prepositioning
     - Self-service data visualizations & analysis

3. Technology – service & capability focus
   - Reduce infrastructure & duplication
   - Leverage cloud as provider of “IT as a Service”
   - Increase workforce mobility, innovative use for mission support

4. Cybersecurity – protect DLA’s mission-critical data
   - Leverage state-of-the-art technology, techniques & procedures to continuously monitor our cyber terrains
   - Maintain a mission-ready cyberspace operating environment against an ever growing & advanced cyber threat
   - Partner with suppliers to protect key data at all points
Top 5 Transformation Drivers

1. Speed of Technological Change

2. Data as a Strategic Asset

3. Skill Gap: Acquiring & Retaining Right Skill Sets

4. Artificial Intelligence

5. Cybersecurity – Threats & Posture
Digital Divide & Pace of Change

**Reskill our workforce – “versatilists”**

**Digital Fugitives**
- Avoids technology
- Prefers traditional library
- Direct communication is familiar

**Digital Immigrants**
- Controlled release of info/limited sources
- Prefer text to graphics
- Single or “focused” tasks
- Completely foreign
- Different Language

**Digital Natives**
- Expect Information Fast
- Prefer graphics to text
- Parallel process and multi-task
- Second Nature
- Constant Exposure

**Rethinking our approach to technology**

“Businesses” we should be in:
- **Capability Delivery (lifecycle IT)**
- **Data Services**
- **Hosting Services Management**
- **Cybersecurity Services**

Target resources, recruitment, skills & contracts to source these businesses
J6 Guiding Principles

IT as a Service – Expand ITaaS for DOD and DLA…

Eliminate Government off-the-shelf (GOTS) – search for options…

Minimize Infrastructure – Re-examine network costs, make significant progress via data center consolidation, etc…

Data as an Asset – Treat the Agency information as a valued resource…

Challenge the Status Quo – Deliberate processes to automate and innovate…

From 2018 J6 Annual Operating Plan

Physical to Virtual
## DLA’s Cloud Journey

### HISTORY

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Application Rationalization - 1200+ down to 264</td>
</tr>
<tr>
<td>2013</td>
<td>Initiated planning for DISA milCloud migrations; closed two DLA datacenters</td>
</tr>
<tr>
<td>2014</td>
<td>Established infrastructure svcs/apps in milCloud Partnered with other Fed Agencies for SaaS</td>
</tr>
<tr>
<td>2015</td>
<td>Sponsored Commercial Cloud Providers thru FEDRAMP (IBM/Microsoft/SAP); closed 1 DLA datacenter</td>
</tr>
<tr>
<td>2016</td>
<td>Initiated 1 LOB application migration to IBM L5; Microsoft Office 365 (30,000 email accounts) Closed 3 more DLA datacenters</td>
</tr>
<tr>
<td>2017</td>
<td>Established 4 IT Enclaves in MS Azure Established One Drive, Microsoft SaaS SharePoint &amp; SAP SaaS LMS Projects Migrated 76 application to the cloud Closed 1 more DLA Data Center</td>
</tr>
<tr>
<td>2018</td>
<td>Migrated first applications to Azure. Established 4 enclaves; Azure Lab/ Sandbox; Shifting focus to PaaS 7 data centers closed in FY18</td>
</tr>
<tr>
<td>2019</td>
<td>OKC &amp; Ogden datacenters closed in Q1; 5 more scheduled FY19. Planning and Executing SecDevOps</td>
</tr>
</tbody>
</table>

- 14 of 23 datacenters now closed, including 7 in FY18
- 59% of Applications moved to commercial cloud, increasing security, performance and availability
- First in DOD to migrate DLAs Sharepoint to MS for hosting
- Initiated SAP ERP to Cloud Pilot
- eVoIP fully deployed across DLA (34.5K numbers)
- LMS SAPNS2 SaaS – April 2018
- $85M in savings to date
- Expected cloud savings of $50-100M over next 5 years
- ~ 85% of all applications will be moved 2019
- Returning apps back to DoD Organization if not core DLA mission
- Complete all additional application migrations and close all additional DLA data centers by 2020
Migrating to As-a-Service Capabilities

Several “firsts” in DoD, aligned with DoD CIO policy:

• **May 2017**: First agency in DOD to fully implement Microsoft’s *Office 365* SaaS to DLA employees -- 46 states & 26 countries.
  – 33K users/ 5K group email accounts now administrated by Microsoft, unlimited storage

• **April 2018**: DLA’s *Learning Management System* is “the first application with (PII) information” to win DoD approval, SAP/Amazon Web Service is hosting

• **June 2018**: *First in DoD to migrate DLA’s SharePoint* to Microsoft SaaS offering

• **June 2018**: *SAP Enhanced Warehouse Management System*: took minimally viable systems live, 3 additional releases since then:
  – AWS cloud pilot, make global storage and distribution of Warfighter materials more efficient.
  – Awarded $24M *Voice Pick* system implementation IDIQ, system will provide labor savings of 30-40% to picking and inventory operations.
  – Developed $325M Modernization BCA and roadmap, strategy, approved for implementation.
  – Awarded $11M *Real Time Location System* project, will tag 23k vehicles and 500k small arms, providing live inventory control

• **July 2018**: Enterprise Voice over Internet Protocol – *EVoIP* – Complete for CONUS last summer

Future is the cloud – secure, scalable, cost effective, “evergreen” software/technology, redundant, worldwide, mobile...in the cloud!
We aim to answer DLA’s previously intractable questions:

• Weed out fraudulent bidders early, pick right suppliers
• Better predict customer demand
• Better manage our stock levels and forward locations
• Predict natural disasters impact on service levels?
• What manual warehouse processes can we automate?

Here now at DLA:

• Implemented 6 “bots” (Robotic Process Automation) in 2018, 48 additional bots identified
• Using Machine Learning to find & flag hundreds of potentially fraudulent bids per month, scans 1M bids /day
• Deployed the Material Availability/Back Order tool, predictive analytics to forecast & proactively mitigate
• Developing tools to forecast warfighter needs - enables more accurate lead times, efficient inventory management

DLA is a member of DOD’s AI Working group
Data: A Strategic Asset

Drive Decision making based on Live Data

• Issue-driven insights
• New business intelligence
• Innovative solutions & efficiencies

Making data more strategic…connecting goals, people, metrics, processes and data!
**Critical Business Systems Posture**

**Cyber Terrain:**
Those physical and logical cyber domain elements that enable mission essential warfighting functions

**Cyber Resilience Integration:**
- Define Key Cyber Terrain & Risks to DLAs Supply Chain
- Partnering with Industry to Increase Information Sharing & Decrease Cybersecurity Vulnerabilities
- Merging Cyber Resiliency and Mission Assurance Best Practices to Obtain Operational Resilience

**Operational Technology (OT):** Centralizing Programmatic Control of OT (e.g., ICS, SCADA) Assets under the CIO for Increased Cybersecurity

**Contingency Planning & IT COOP:** Aligning Contingency Planning and IT COOP Efforts to Broader Cyber Resilience Strategy

**Prioritizing Supply Chain Criticality:**
- Operationally Critical Contractor’s/Supplier’s IT Infrastructure Security Postures
- Energy/Fuels – Pipeline Control systems, Refinery Control Systems, Fuel Transport Systems
- Medical/Subsistence Prime Vendors
- Land Systems…e.g., LTC Tire Production

**Cyber Resilience Mitigation Strategies:**
- Upfront Cybersecurity Engagement in Acquisition Process
- Alternate Business Process Planning
- IT Contingency Planning
- 3rd Party Assessments
- Collaborative/Cyber Threat Intel Exchanges w/Industry
**Other Missions:**
- Develop DoD Processes & Standards for financial execution
- Execute DLA Additive Manufacturing in four areas:
  - Parts Identification
  - Build technical data
  - Secure data package store
  - Integrate AM into the DoD Enterprise

**Recent Events:**
Research critical/future priorities and develop emergent projects to support:
- Strategic & Rare Earth Materials – mitigate foreign or single supply sources risk (raw materials)
- Information Research - Improve quality & speed of logistics data acquisition and management to enable/streamline DLA operations
- 3D Digital Manufacturing, MREs, Nanotechnology Packaging, Electron-Beam Lithography, and Logistics Interoperability Technology Extension

**Future Plans:**
- Block Chain, Unmanned Aerial Vehicles, Augmented Reality, Artificial Intelligence, Mesh Technology, and Radiation Hardened Circuits
IT As-a-Service – what can you provide for DLA?

Cloud is goal, per DoD’s Cloud Strategy, for worldwide access to data for natural disasters & contingencies (plus, security, scalability, failover, big data, AI, DoD Reform, etc.

Think capabilities, as a rule, vs. systems

Innovative logistics support - automation of Supply Chain, warehouse of the future, fact-based decisions

Build security (supply chain/applications) into bids, should extend/equal DoD’s security levels

“Where goes J6, so goes DLA!” LTG Darrell K. Williams
Director, Defense Logistics Agency
Helpful DLA Link

Here is a link:

http://www.dla.mil/HQ/Acquisition/About/