

Defense Logistics Agency



2009 Strategic Partners Conference

March 19, 2009

Mr. Cornel A. Holder

*Warfighter
Support*

*Stewardship
Improvements*

*Business Process
Refinements*

*Workforce
Development*



Strategic Materials Security Program Process

- Constant surveillance of global marketplace and assess ever-changing material needs
- Identify/Evaluate material requirements
 - Military conflict scenarios
 - Peacetime scenarios
- Dynamic list of material needs
 - Military weapon platforms
 - Input from military services
- Country reliability
 - Willingness and/or ability to sell to US
- Risk mitigation strategies to ensure material availability



SMSP Basic Foundation

- Implement a repeatable process to identify strategic and critical material to satisfy defense and essential civilian needs
- Manage an assessment process to measure impact of the following factors on the availability of materials:
 - Changes in global market conditions
 - Geo-political threats
 - Reduced access to foreign sourced material
 - Changes in U.S. industrial base
 - Loss of access due to natural/man-made disasters
 - National security emergency scenarios, and
 - Peacetime supply disruptions scenarios
- Determine the potential risk to existing supply chains and recommend a strategy to minimize any identified supply disruptions



SMSP

Services Provided

- **Supply Chain Management/Lead Time Reduction**
 - Monitor/identify changes in supply/demand concerns relative to material requirements and supply chain disruptions
 - Develop/execute risk mitigation strategies: strategic sourcing, traditional stockpiling, partnering with foreign nations
 - Reduce lead time by establishing contract vehicles to ensure continuity of material supply



SMSP

Services Provided (con't)

- **Cost Reductions/Savings**
 - Aggregate quantity of material services wide under one contract – resulting in lower unit price
 - No added charges to material – eliminate mark ups, overhead charges and profit normally applied to material when a contractor makes the acquisition
 - Implement “right to recover” – military services receive economic benefit for any scrap/residual materials resulting from the production process



Benefits to Military Services

- DNSC operating as a buying agent can move discreetly in/out of markets without causing undue market disruption
- DNSC can facilitate release of materials to DoD contractors as Government furnished material shielding the defense contracts from surging market prices
- DNSC can support military services by ensuring timely availability of materials needed to satisfy defense contracts