



DEFENSE LOGISTICS AGENCY

AMERICA'S COMBAT LOGISTICS SUPPORT AGENCY



Value Management

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Agenda

- Source Development
- Castings & Forgings Assistance Tools
- Value Engineering Change Proposals (VECP's)
- Replenishment Parts Purchase or Borrow (RPPOB)
- Sustaining Engineering (SE)
- Additional VM Programs Managed at DLA
- New Initiatives
- Summary
- Points of Contact



Source Development



Source Development

- Source Development includes several functions that are intended to aid procurement activities in obtaining hard-to-procure items
- Leverages relationships with suppliers and Service engineering activities
- Targets items with no-sources, nonresponsive-sources, or over-pricing issues
- Accomplished primarily through:
 - In-house reverse engineering
 - Contractor reverse engineering
 - Source Approval Request (SAR) development (contractor)
- Aggressive development of new programs targeting reverse engineering as an improved solution





DLA Casting and Forging Assistance Tools



Forging Advanced System Technology

- R&D Challenges:
 - Disproportionate share of unfilled orders
 - Fragile supply chains – hidden sole source
- Objectives:
 - Reduce unfilled orders
 - Improve forging technology
- Accomplishments:
 - Tooling database with 62,000 part numbers and/or National Stock Numbers
 - Developed new software for Lean manufacturing capabilities at forge shops
 - Developed Spray Metal Tooling Machine, Rapid Solidification Process (RSP)
- Plans:
 - Metal and Process Optimization (MPO) project to evaluate production methods and materials as a decision making guide for spare and repair parts
 - Automate Job shop Lean & six sigma integration – Reduce energy to move material
 - Email alert of new solicitations to forge shops with existing tooling or capabilities
 - Laser Deposition of Tooling, an additive Mfg technology for Forging Die Repair



\$ in Millions	2009	2010	2011	2012	2013	2014	2015
PRO-FAST	1.182	1.145	1.230	1.252	1.268	1.290	1.313



Forging Advanced System Technology

- R&D Challenges:
 - Disproportionate share of unfilled orders
 - Fragile supply chains – hidden sole source
- Objectives:
 - Reduce unfilled orders
 - Improve forging technology
 - Improve responses to solicitations
- Accomplishments:
 - 22K tools in database & \$1.5M/mo of solicitations pushed to foundries w/tooling
 - Digital radiography Std for steel investment castings – Eliminating film use/storage
 - Developed & tested mechanical properties of E357 – Beryllium free Cast aluminum alloy
 - Three projects striving to lighten cast components – Reducing weight to save fuel
- **Plans:**
 - Finalize new digital radiographic casting standards with ASTM International
 - Publish guidelines to select filler metals & welding parameters to reduce corrosion on the welds of SS castings.



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Value Engineering Change Proposals

VECPs



Value Engineering Change Proposals

- Contractual method to share savings
 - Improve DoD supplies and/or equipment
 - Savings shared between Contractor and DoD
 - Described in FAR Clause 52.248-1
- Improvements include any price savings
 - Processes
 - Materials
 - Manufacturing techniques
 - Other





Rules and Tools

- VECP clause in most contracts > \$25K
- Clause can be added by modification
- VECP can only be received on an instant contract
- Typical share ratio: 50/50
- Collateral lifecycle savings may be negotiated



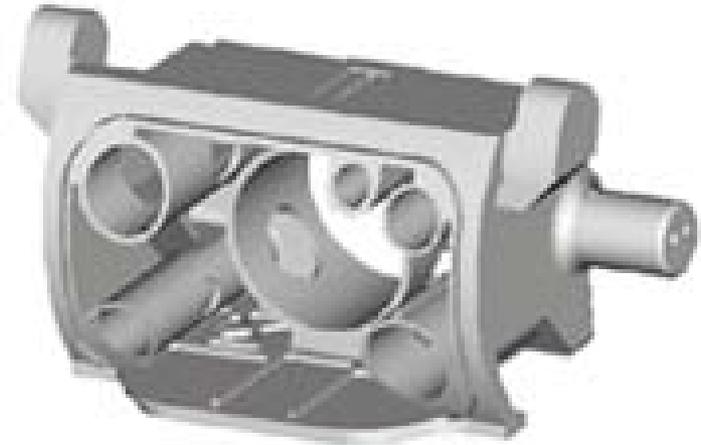
Replenishment Parts Purchase or Borrow Program

RPPOB



Why RPPOB?

- Statutory Requirement
 - Defense Procurement Reform Act of 1984
 - Public Law 98-525, Section 1216(a)
 - Codified at Title 10 U.S.C. 2320(B)
- Promote full and open competition
- Develop new sources
 - Sole Source
 - Limited Competition Items





RPPOB Methods

- Statutory Requirement
- Direct Purchase
 - Contractor buys at Standard Unit Price (SUP)
 - Item is not returned
- Bailment
 - Item loaned at SUP
 - SUP held in Trust by DFAS
 - SUP monies returned (If item is returned in “A” condition)
- View of Part - Contractors may inspect part in a designated area





RPPOB – What it is Not

- Not intended to proof their manufacturing
- Not available on solicitations/contracts when:
 - In accordance with a specification
 - In accordance with a drawing
- Not to test a competitor's part



Purpose: Develop New Sources



RPPOB Process

- Contractor request received
- Item reviewed as an RPPOB candidate
- Contact with ESA for approval to bail out
- Contractor provides monies and signs the agreement
- Item directly sent to Contractor
- Contractor provides alternate offer data package
- Data package sent to ESA for final approval
- System updated with approval



Benefits of RPPOB

- Break Sole Source
 - Average 30-40% in procurement savings
- Provide additional sources on limited source items
- Provide source for obsolete items
- Reduce cost through enhanced competition
- Potential for Unlimited Rights Technical Data Packages (TDPs)

Increased Competition = Lower Cost to Taxpayers



Sustaining Engineering Program

SE



Sustaining Engineering

- Proposals solicited from all services
- Proposals evaluated by DLA Aviation and DLA Land and Maritime teams
 - Value Management Team lead
 - Weapon System Support Manager (WSSM)
 - Cognizant DLA Aviation/Maritime/Land Application Team
 - Engineer/technical
 - Product Assurance
 - Buyer
- Selections funded/implemented in order of
 - Date of receipt
 - Weapon system support impact
 - Overall best value to customer
- Accepted proposals funded by DLA
 - Coordinated with ESA
 - Funds available FY 10: \$5M





Project Selection Criteria

- DLA managed item
- Minimum ROI of 10:1
 - Lifecycle savings
- Make positive impact
 - Operational readiness
 - ALT/PLT
 - Item demand
 - Unit price
- Reduce field maintenance actions
- Improve competitive position
 - Availability of tech data
 - Increase sources of supply





Additional Value Management Programs Managed at DLA



Additional VM Programs

Price Challenge Program

- Responsive to customer suspicion of overpricing
- Determine value using tech data, buy history, and similar items
- Provide recommendation when overpricing is discovered
- Corrective action taken to improve pricing or recover funds

Should Cost Program

- Engineering Intrinsic Value Cost Estimate
 - Materials and labor
 - Testing
 - Packaging
 - Manufacturing Charges
 - Overhead and Profit
- Assists Contracting Officers during procurement negotiations





Additional VM Programs

Reverse Engineering

- Performed using Government resources
- Items ordered from Government stock
- Identifies physical, material, mechanical, and environmental properties
- Test requirements identified/determined
- Technical Data Package developed for use in full and open competitive acquisition



Organic Manufacturing

- Utilize manufacturing capacity of government labs/arsenals when private industry cannot meet our needs
- **Public** (organic) and **Private** sources cannot compete against each other for awards!
 - Exceptions:
 - Price: quoted price is formally determined to be unacceptable
 - Delivery: quoted delivery time frame does not meet our requirements.



New Initiatives



NIST Pilot Program

- National Institute of Standards and Technology (NIST)
 - Nationwide network of not-for-profit companies
 - Provide technical consultants to small business
 - Solve manufacturing/material problems
 - Lean Six Sigma
- Wants to expand to include business opportunities
 - Match opportunities to companies in network
- Goal: Use NIST to develop new sources
 - Hard to buy items
 - Sole source items
- DSCC will provide
 - Training on doing business with DLA
 - Samples, tech data, and/or photos
 - Funding for reverse engineering efforts





MRAP Support

- Focused support to Land Supply Chain
 - Eliminating duplicate NSNs
 - Reviewing/correcting technical data
- Current focus on “Sources Sought” synopsis
 - Seeking actual MRAP parts manufacturers
 - Synopsis for each MRAP OEM





Summary

- DLA's Value Management Office provides support
 - Government
 - Customers
 - Suppliers
- Our focus
 - Provide solutions on problem parts
 - Reduce acquisition and support costs
- For further information
 - Contact attached P.O.C.'s



Overall Goal: Support the Warfighter



Points of Contact

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