



High performance. Delivered.

Defense Credential

Accenture and the Defense Logistics Agency

Modernizing Business Systems to Enable High Performance in the Supply Chain

“Accenture has enabled us to be fast, agile, competitive and lean.”

—Rear Admiral Ray Archer, Vice Director of DLA

Client Background

As America's combat logistics support agency, the Defense Logistics Agency (DLA) provides the Army, Navy, Air Force, Marine Corps, other federal agencies, and joint and allied forces with a variety of logistics, acquisition and technical services. DLA sources and provides nearly 100 percent of the consumable items America's military forces need to operate—from food, fuel and energy, to uniforms, medical supplies, and construction and barrier equipment.

Business Challenge

DLA wanted to introduce new capabilities to enhance its performance, yet existing IT systems were antiquated, costly to maintain and difficult to update. Furthermore, there were challenges on the management front. Operations were location-centric and stovepipe. The organization needed to move from a legacy operating model focused on managing materiel, to one focused on managing customers and suppliers to better meet warfighter needs.

DLA looked to Accenture for help in transforming supply chain processes and identifying the key personnel and skills needed to support the journey to high performance.

How Accenture Helped

The DLA Business Systems Modernization project has delivered a host of new capabilities to DLA under an innovative supply chain operating model. As a first step in the \$660 million, six-year project, Accenture helped replace two major legacy systems, the 35-year-old SAMMS (Standard Automated Materiel Management System) and DISMS (Defense Integrated Subsistence Management System), and their associated extension systems.

The team also sought to incorporate best practices via commercial off-the-shelf tools. This effort included the implementation of SAP Enterprise Resource Planning (ERP) software and Manugistics Advance Planning and Scheduling (APS). SAP provides the core ERP package, modules for financial accounting, controlling, logistics, materials management, and sales and distribution. Manugistics provides supply chain network demand and supply planning software. These solutions have enabled supply chain collaboration with DLA's customers and suppliers using a web-based trading exchange to dramatically increase the responsiveness of DLA's supply chain and reduce DLA's logistics operating costs.

• Consulting • Technology • Outsourcing

The modernization effort also has enabled improved capabilities, including:

- **Supply and demand planning**

DLA now knows what it needs, how much it needs, when materials are needed and at what location. Flexible planning and re-planning also allows DLA to respond to customers' fluctuating demands associated with both rapid deployment surge and peacetime global operational tempo.

- **Retail integration**

Through the BSM project, DLA has enhanced its ability to manage retail inventory at large industrial sites, thereby extending the supply chain capabilities deeper into customer operations.

- **Inventory policy optimization (IPO)**

IPO implementation at DLA is by far the largest multi-echelon Readiness-Based Sparing (RBS) initiative within the Department of Defense and around the world. It optimizes and links DoD safety stock investment for DLA items across the network covering nearly 1 million SKUs.

- **Enterprise operational accounting**

The new systems and processes implemented have enabled DLA to be financially compliant with federal statutes.

Accenture supported DLA in aligning its workforce with the overall business strategy by implementing a comprehensive change management, organization alignment, and knowledge transfer and training strategy.

The organizational alignment included the design and implementation of jobs, teams and organization structures for DLA to accomplish its goals with the reengineered business processes and the new systems. Accenture also helped perform a complete organizational redesign of DLA's supply centers, including reporting structures, to standardize them across the supply centers and staff the new organization by mapping DLA personnel to their new role. This organizational approach enabled DLA to become a more resilient, dynamic and risk-taking organization.

Accenture and DLA proactively managed the effects of the change on employees, customers and suppliers by applying communication and sponsorship strategies, realigning the organization and jobs to the

new processes and developing a tailored approach to training and transitioning. Accenture helped to facilitate DLA's transition by having change discussions with employees and by delivering classroom and computer-based training, based on roles.

High Performance Delivered

Accenture drew on its cross-industry supply chain expertise to bring best practices and all of the required commercial and technical skills required to successfully implement the Business Systems Modernization program and deliver results that included:

- Created, in just two months, an enterprise-wide business architecture and blueprint with common corporate processes across the entire organization.
- Achieved Federal Financial Management Compliance (FFMIA).
- Accomplished successful rollout to more than 4,400 users.
- Achieved 99.7 percent system availability...single ERP instance.
- Achieved \$72 million in cost savings over legacy systems.
- Provided 100 percent supply chain interoperability with services.
- Reduced Logistics Response Time (21 days to 15 days).
- Reduced order status notification (>24 hours to 4 hours).
- Achieved \$180 million in cost avoidance by reductions in forecasts.
- Delivered ground breaking changes in operating model with Implemented Sales & Operations Planning to optimize service and cost.

At project completion, BSM incorporated up to 7,500 users and more than 5.2 million items. The agency has also gained total asset visibility, accurate mapping of assets against liabilities, interoperability and horizontal integration that reinforce the decision-support process. The final result is an integrated supply chain solution that enables DLA to achieve new levels of logistics service and support, and ultimately, high performance.

Accenture demonstrated its commitment to DLA's successful transformation through a 100-percent incentive-based contract, tied to achievement of DLA goals. Accenture committed highly experienced key personnel with a demonstrated history of successful delivery on DLA-scale logistics business enterprise transformation engagements. Furthermore, Accenture delivered nearly 100 percent of the performance requirements on time and at the agreed-upon price.

In commenting about Accenture and DLA's relationship, Rear Admiral Ray Archer, the vice director of DLA said about the program, "The thing that I value with our relationship with Accenture, is first of all, they came to us willing to share risk. I always value that in a partner. Because without risk, I don't think you have a partnership. Accenture has enabled us to be fast, agile, competitive and lean. And our customers value our capabilities."

About Accenture Defense

Accenture's Defense industry group delivers strategy, operations, IT and mission services that enable departments of defense, the intelligence community and federal agencies to achieve high performance and support the warfighter at speed. With the help of Accenture's capabilities, worldwide presence and experience, clients meet mission goals, mitigate risk and realize cost savings. Visit www.accenture.com/defense for more information.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With approximately 177,000 people serving clients in more than 120 countries, the company generated net revenues of US\$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com.