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Exhibit R-2, RDT&E Budget Item Justification: PB 2016 Defense Logistics Agency **Date:** February 2015

Appropriation/Budget Activity 0400: Research, Development, Test & Evaluation, Defense-Wide / BA 3: Advanced Technology Development (ATD)	R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)
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COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
Total Program Element	66.275	16.531	21.331	16.543	-	16.543	16.949	15.989	16.289	16.625	Continuing	Continuing
1: Medical Logistics Network (MLN)	6.850	1.532	2.266	-	-	-	-	-	-	-	Continuing	Continuing
2: Weapon System Sustainment (WSS)	18.732	5.259	6.074	-	-	-	-	-	-	-	Continuing	Continuing
3: Supply Chain Management (SCM)	10.671	4.173	7.022	-	-	-	-	-	-	-	Continuing	Continuing
4: Strategic Distribution & Reutilization (SDR)	15.057	2.288	2.383	-	-	-	-	-	-	-	Continuing	Continuing
5: Energy Readiness Program (ERP)	9.340	1.395	1.743	-	-	-	-	-	-	-	Continuing	Continuing
6: Defense Logistics Information Research (DLIR)	5.625	1.884	1.843	-	-	-	-	-	-	-	Continuing	Continuing
7: Analytic and Decision Support (A&DS)	0.000	-	-	3.428	-	3.428	3.616	3.605	3.669	3.741	Continuing	Continuing
8: Logistics Processes (LP)	-	-	-	7.543	-	7.543	7.956	7.929	8.071	8.233	Continuing	Continuing
9: Innovative Products and Services for Customers (IPSC)	-	-	-	5.572	-	5.572	5.377	4.455	4.549	4.651	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Defense Logistics Agency is responsible for providing the Military Services, other Federal Agencies, along with the combined and allied forces the full spectrum of logistics, acquisition and technical services. DLA sources and provides nearly 100 percent of the consumable items the military forces need to operate – including food, fuel and energy, uniforms, medical supplies, as well as construction and barrier equipment. DLA supplies more than 85 percent of the military's spare parts, provides logistics information data and products, manages the reutilization of military equipment, and offers document automation and production services. DLA's Research and Development (R&D) program helps ensure that advanced logistics concepts and business processes are available in order to accomplish the Agency's mission with the leanest possible infrastructure, using the best commercial and government sources, and applying most effective business processes. The Logistics R&D program develops and demonstrates high risk, high payoff technology that provides a significantly higher level of support at lower costs, than would be otherwise attainable. The program has a proven track record of implementation and benefits.

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Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide / BA 3: Advanced Technology Development (ATD)</i>	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>
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In December 2013, the DLA Director called for greater flexibility within the R&D program in support of the Agency's efforts to achieve its' mission. As a result, the R&D program is evolving from single supply chain efforts to Strategic Focus Areas (SFAs) that will support DLA's efforts to achieve the improvements needed to maintain mission readiness and continue fiscal stewardship while supporting the Department's transition to peacetime operations.

B. Program Change Summary (\$ in Millions)	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total
Previous President's Budget	18.000	16.836	17.207	-	17.207
Current President's Budget	16.531	21.331	16.543	-	16.543
Total Adjustments	-1.469	4.495	-0.664	-	-0.664
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-0.951	-			
• SBIR/STTR Transfer	-0.518	-			
• Appropriated Bill Increase	-	4.500	-	-	-
• FFRDC	-	-0.005	-	-	-
• Program Adjustment	-	-	-0.664	-	-0.664

Congressional Add Details (\$ in Millions, and Includes General Reductions)

Project: 8: Logistics Processes (LP)

Congressional Add: *** PLEASE ENTER CONGRESSIONAL ADD TITLE ***

	FY 2014	FY 2015
	-	-
Congressional Add Subtotals for Project: 8	-	-
Congressional Add Totals for all Projects	-	-

Change Summary Explanation

The Medical On-line Business Analytics capability will be delayed depriving DLA of the ability to properly plan and monitor orders to critical medical customers. The Supply Chain management project reductions means additional anti-counterfeiting technology will not be fully developed and implemented, increasing the risk that counterfeit parts will enter the DOD supply system. In addition, emerging additive manufacturing technology will not be available for low volume parts. The Strategic Distribution and Reutilization reductions mean that DLA support to the COCOM's deployments will be more costly because they will not be able to access regional suppliers through the IBEX2 system. Reductions to the Energy readiness program mean cost increases to the Services for fuel because fewer alternative fuel additives will be available. Finally, the reductions to the Defense Logistics Information project means DLA will not be capable of taking advantage of major advancements in Computer Aided Design/Computer Aided Manufacturing.

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Appropriation/Budget Activity 0400: Research, Development, Test & Evaluation, Defense-Wide / BA 3: Advanced Technology Development (ATD)		R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)
<p>FY2016 – FY2020 Restructuring: In December 2013, the DLA Director called for changes to the R&D program that would allow greater flexibility to support the Agency’s mission. As a result, the R&D program is evolving from single supply chain efforts to a few overarching Strategic Focus Areas (SFAs) that will support its efforts to achieve the needed improvements in order to maintain mission readiness and fiscal stewardship as the Department continues transition to peacetime operations. The three Strategic Focus Areas are:</p> <p>1. Analytic and Decision Support: R&D efforts undertaken to develop and implement advanced analytical tools, modeling, and simulation of logistics and supply chain processes. These tools will improve DLA forecasting and procurement strategy decisions and lead to faster and more flexible response to emerging market and customer requirements.</p> <p>2. Logistics Processes: R&D efforts undertaken to develop and implement advanced technology in the internal DLA logistics processes. To qualify for R&D funding, the R&D effort must develop and apply technology and processes over and above current baseline IT systems and continuous improvements efforts.</p> <p>3. Innovative Products and Services for Customers: R&D efforts undertaken to develop new products and services for DLA customers including helping to achieve the operational energy strategy goals of increasing sources of supply, developing and implementing alternative fuels and emerging, out of cycle requirements that always occur and new products and services developed by DLA.</p> <p>FY2016 – FY2020 Reprogramming to Industrial Preparedness – Manufacturing Technology Program (P.E. 0708011S) This change will better align the technical work with the OSD Manufacturing Technology Program initiative for the Model Based Enterprise (MBE). The MBE will help DOD move to a completely digital environment for design and engineering data needed to conceive, design, build and support weapon systems. The MBE is important because much of the data currently developed during the design and production weapon system life cycle is lost and has to be recreated.</p>		

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency										Date: February 2015		
Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 1 / Medical Logistics Network (MLN)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
1: Medical Logistics Network (MLN)	6.850	1.532	2.266	-	-	-	-	-	-	-	Continuing	Continuing
A. Mission Description and Budget Item Justification												
FY2016-FY2020 funding for this effort is split and realigned to Strategic Focus Areas #7. Analytic and Decision Support, and #8. Logistics Processes depending on the nature of the specific R&D activity being performed.												
The Medical Logistics Network (MLN) program supports the Medical Directorate’s mission to develop and implement the critical logistics and medical supply chain business practices that ensure the cost-effective and efficient distribution of medical materiel to the full range of Military Health System operations.												
The Medical Logistics Network (MLN) program anticipates future medical logistical requirements and develops strategies and tools to meet these requirements. Operating in the unique DoD-Commercial medical logistics environment, the Medical Logistics Network program develops processes for management of DoD Medical Logistics to ensure effective and safe medical supplies support the warfighter. These business process improvements may have potential extension to other supply chains.												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: Medical Logistics Network Accomplishments/Plans									1.532	2.266	-	
FY 2014 Accomplishments: Continued to deliver enhancements to extend the initial accomplishments, and the clinical standardization initiative will begin with its focus on medical/surgical product knowledge and process improvements. Investigated the extension of the processes and capabilities for fair and reasonable pricing to other supply classes such as Subsistence.												
FY 2015 Plans: In FY2015 the On-Demand Business Analytics (ODBA) project and possibly the Cost & Pricing project will be transitioning to sustainment. We will look to broaden the scope of Clinical Standardization to other classes of medical products such as medical equipment. Advancing Cold Chain Management (ACCM), funded and executed as multiple sub-projects, will continue into this year.												
FY 2016 Plans: Efforts related to MLN have been moved to the Analytic and Decision Support (A&DS) and Logistics Processes Strategic Focus Areas.												
Accomplishments/Planned Programs Subtotals									1.532	2.266	-	

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 1 / <i>Medical Logistics Network (MLN)</i>
C. Other Program Funding Summary (\$ in Millions) N/A		
Remarks		
D. Acquisition Strategy The On-Demand Business Analytics (ODBA) project was competitively bid as a task order on the Defense Logistics Standard Support Blanket Purchase Agreement (DMLSS-W BPA). All new project execution work is being solicited through the DLA R&D Emergent Requirements 2 Broad Agency Announcement (BAA).		
E. Performance Metrics Defense Medical Logistics Transformation (DMLT): 1) The percentage of requirements supported by architecture products – Eighty-seven percent of the MedSurg Prime Vendor Program's Gen IV Requirements are supported by architecture products. 2) Measurement of compliance with laws and regulations (e.g. Clinger-Cohen Act) that require complete enterprise architecture- 93.0% of required products passed first certification review (based on MS-B and CDR). 3) Percentage alignment between Balanced Scorecard Transformation Initiatives and Enterprise Architecture - data to be determined as initiatives are further refined.		

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Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 2 / Weapon System Sustainment (WSS)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
2: Weapon System Sustainment (WSS)	18.732	5.259	6.074	-	-	-	-	-	-	-	Continuing	Continuing
A. Mission Description and Budget Item Justification												
FY2016-FY2020 funding for this effort is split and realigned to Strategic Focus Areas #7. Analytic and Decision Support, and #8. Logistics processes depending on the nature of the specific R&D being performed.												
Support Defense Logistics Agency (DLA) Strategic Plans Goals 1.) Warfighter Support) and 2.) Stewardship Excellence. The program spans multiple weapon systems and supply chains to improve internal processes, provide new methods, reduce costs and lead times, and ultimately, improve readiness for DLA customers.												
The program is focused in three initiatives:												
1.) Planning Process Improvement: The program improves elements of current inventory policy models, assesses potential benefits of new technologies and seeks more efficient approaches to deliver customer requirements while reducing inventory and order fulfillment costs.												
2.) Technical/Quality Process Improvement: The program improves internal efficiency and customer satisfaction through new tools and methods to proactively address supply issues resulting from current technical/quality processes.												
3.) Procurement Process Improvement: The program will demonstrate tailored data collection and business processes for well-defined subsets of suppliers and procurement types to improve supplier responsiveness, cycle time and cost.												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: Weapon System Sustainment Accomplishments/Plans									5.259	6.074	-	
FY 2014 Accomplishments: Planning Process Improvements: Customer Collaboration and Supplier Initiated Orders projects were successfully completed and transitioned. Phase 1 of the Exchange Sale of Economic Retention Stock (ESERS) project was successfully complete by selling a sample of NIINs through the GSA. Financial and Inventory Simulation (FINISIM) upgrades requested by DLA were successfully completed, and efforts to transition FINISIM through the J6 Front Door process were initiated by J34 and likely will continue in FY 2015. Some enhancements to Peak/Next Gen requested by DLA were completed, and others initiated which will be completed in FY 2015. An assessment of the Returns process was initiated and scheduled for completion in early FY 2015. Several Challenges from the Planning community were received, and efforts were begun to structure projects based on them.												

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 2 / <i>Weapon System Sustainment (WSS)</i>	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015
<p>Technical/Quality Process Improvements: Completed an analysis of the potential benefits of changing the definition of Critical Application Items (CAI) to “critical in engineering design or manufacturing requirements” that showed the potential of saving millions of dollars and substantial Administrative Lead Time by avoiding unnecessary Engineering Support Activity reviews. Completed an analysis of new results-based metrics for the Technical/Quality process, and worked with the Technical/quality team to transition them. Several Challenges from the Technical/Quality community were received, and efforts were begun to structure projects based on them</p> <p>Procurement Process Improvements: The Matching Acquisition Strategies to Industry Capabilities (MASIC) project was successfully completed and transitioned to J7. WSS successfully completed an assessment of the ship recycling industry and DLA’s potential future role, and reported the results to the DLA Director as input to his decision whether or not to get back into the ship recycling business.</p> <p>FY 2015 Plans:</p> <p>Planning Process Improvements: The ESERS, Returns, FINISIM and Peak/Next Gen projects that were active in FY 2014 will be completed and transition efforts conducted as appropriate. A Collaborative Planning with Military Service Industrial Maintenance Sites project will be initiated that promises to substantially improve the accuracy of demand forecasts and greatly improve support to warfighters. New projects will be initiated based on the Challenges in the Planning area that were received in FY 2014. In addition, collaborative efforts will be continued with the Planning Process team to develop additional new projects targeting FY 2016 awards.</p> <p>Technical/Quality Process Improvements: A follow-on project to the CAI effort completed in FY 2014 will be initiated to work with DLA experts to develop a set of recommendation for the joint DLA/Military Service Engineering Support Working Group to match engineering support / risk reduction with item criticality and procurement risk. New projects will be initiated based on the Challenges in the Technical/Quality area that were received in FY 2014. In addition, collaborative efforts will be continued with the Technical/Quality Process team to develop additional new projects targeting FY 2016 awards.</p> <p>Procurement Process Improvements: A Low Demand Parts project will be initiated to improve support to items seeing low demand by identifying and assessing approaches to group such parts and recommending methods to implement approaches to acquire parts in the groups, with a goal of reducing backorders while increasing participation by small businesses. A concerted effort will be made to identify additional projects for FY 2015 or FY 2016 starts by working with J7 personnel.</p> <p>FY 2016 Plans:</p>			

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 2 / <i>Weapon System Sustainment (WSS)</i>	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015
Funding and efforts related to Weapon Systems Sustainment have been moved to the Analytic and Decision Support and Logistics Processes Strategic Focus areas.			
Accomplishments/Planned Programs Subtotals		5.259	6.074
C. Other Program Funding Summary (\$ in Millions) N/A			
Remarks			
D. Acquisition Strategy A competitive BAA was issued and awarded in FY 14. Delivery orders will be placed against the contract.			
E. Performance Metrics The WSS program supports the Director's objectives of lower material costs, lower inventory levels and better customer support. At least 30% of the completed projects will transition. OSD-C financial metrics (obligation and disbursement) will be achieved.			

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Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>				Project (Number/Name) 3 / <i>Supply Chain Management (SCM)</i>			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
3: <i>Supply Chain Management (SCM)</i>	10.671	4.173	7.022	-	-	-	-	-	-	-	Continuing	Continuing

A. Mission Description and Budget Item Justification
 DLA operates in a very dynamic environment. To meet customer expectations DLA must be able to address problems in a timely manner and be able to respond to emerging opportunities. The Supply Chain Management Program within R&D provides the Agency with the resources needed to quickly take advantage of new ideas emerging from the Center Commanders, Process Owners, or Staff Directors.

<u>B. Accomplishments/Planned Programs (\$ in Millions)</u>	FY 2014	FY 2015	FY 2016
<u>Title:</u> Supply Chain Management Accomplishments/Plans <u>FY 2014 Accomplishments:</u> Invested in the technologies to implement advanced Supply Chain Management techniques into DLA's Supply Chains. DLA continued to work on reducing the Production Lead-time needed to produce critical DLA Land and Maritime items. <u>FY 2015 Plans:</u> During FY2015 Supply Chain Management will invest in the technologies to implement advanced Supply Chain Management techniques into DLA's Supply Chains. DLA is expecting to reduce the Production Lead-time needed to produce critical DLA Land and Maritime items. <u>FY 2016 Plans:</u> FY 2016 Plans: Funding and effort related to Supply Chain Management have been moved to the Innovative Products and Services for Customers Strategic Focus area.	4.173	7.022	-
Accomplishments/Planned Programs Subtotals	4.173	7.022	-

C. Other Program Funding Summary (\$ in Millions)
 N/A
Remarks

D. Acquisition Strategy
 Projects are awarded following competitive Broad Agency Announcement acquisition processes and delivery orders against competitively awarded IDIQ contracts.

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 3 / <i>Supply Chain Management (SCM)</i>
<p><u>E. Performance Metrics</u></p> <p>SCM is measured on the ability to meet emerging needs that occur out of phase with the budget cycle.</p> <p>At least 30% of the completed projects will transition.</p> <p>OSD-C financial metrics (obligation and disbursement) will be achieved.</p>		

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Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>				Project (Number/Name) 4 / <i>Strategic Distribution & Reutilization (SDR)</i>			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
4: <i>Strategic Distribution & Reutilization (SDR)</i>	15.057	2.288	2.383	-	-	-	-	-	-	-	Continuing	Continuing

A. Mission Description and Budget Item Justification
 This program improves DLA's distribution and disposition capabilities, operational effectiveness, and efficiency, in support of the Services, COCOMs, and DOD in CONUS, OCONUS, and deployed locations. Its long-range objectives include but are not limited to: 1) Continued improvement and integration of DLA, TRANSCOM, and Joint Service logistics planning, visibility, and Command and Control (C2) capabilities for military and humanitarian deployments; 2) Development and integration of advanced deployable distribution and disposition capabilities, reducing DLA's expeditionary footprint, while improving Warfighter support and resource stewardship; 3) Improvements to DLA Distribution centers and DLA Disposition Services through insertion of state-of-the-art technologies, including intelligent material handling equipment, communications, and workload forecasting tools; 4) Distribution and Disposition workforce developments through advanced training methods and technologies; and 5) Intelligent end-to-end supply chain management from DLA's inventory control points, through its distribution centers, to customers, and back to DLA Disposition for final disposition.

B. Accomplishments/Planned Programs (\$ in Millions)	FY 2014	FY 2015	FY 2016
Title: Strategic Distribution & Reutilization (SDR) Accomplishments / Planned Program	2.288	2.383	-
FY 2014 Accomplishments: Completed transition of First-Destination Transportation and Packaging Initiative (FDTPPI) and Humanitarian Assistance/Disaster Relief (HA/DR) capabilities. Supported technology planning and insertions into disposition and distribution operations.			
FY 2015 Plans: Complete transition of IBex2 capabilities. Address inadequate legacy capabilities for worldwide distribution, disposition, reutilization, and retrograde operations via technology planning and insertion.			
FY 2016 Plans: Efforts related to the SDD Program have been moved to the Analytic and Decision Support (A&DS) and Logistics Processes Strategic Focus Areas (SFA).			
Accomplishments/Planned Programs Subtotals	2.288	2.383	-

C. Other Program Funding Summary (\$ in Millions)
 N/A

Remarks

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 4 / <i>Strategic Distribution & Reutilization (SDR)</i>
D. Acquisition Strategy N/A		
E. Performance Metrics SDD improves DLA distribution capability to respond to contingency and humanitarian relief operations. At least 30% of the completed projects will transition. OSD-C financial metrics (obligation and disbursement) will be achieved.		

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Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 5 / Energy Readiness Program (ERP)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
5: Energy Readiness Program (ERP)	9.340	1.395	1.743	-	-	-	-	-	-	-	Continuing	Continuing
A. Mission Description and Budget Item Justification												
Program Management Office Support (PMO) for developing program strategies and goals, preparing documentation for the program, and performing quick reaction studies, including Congressionally Mandated Studies (CMS), and analysis. Alternate Energy Development (AED) to include test and certification to support the addition of synthetic and alternative fuels to mobility fuel specifications and acquisition plan; renewable fuels studies and planning; continued study of directives related to the implementation of alternative fuels and renewable energy. Improving Class IIIB supply chain through Current Product Improvement (CPI) (e.g. the study and development of fuel additives; studies to increase sources of supply), and Infrastructure & Process Improvement (IPI) (e.g. the development of analytical tools).												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: Energy Readiness Program (ERP) Accomplishments/Plans									1.395	1.743	-	
FY 2014 Accomplishments: Continued PMO support in program implementation and planning (\$0.318M PMO/CMS). Continued support of alternative/renewable energy solution study, test, and demonstration (\$0.570M AED). Continued support Class IIIB supply chain through product improvement to increase sources, improve quality, and reduce cost. (\$0.800M CPI). Continue to support infrastructure & process improvements (\$0.570M IPI).												
FY 2015 Plans: Continued PMO support in program implementation and planning (\$0.240M PMO/CMS). Continued support of alternative/renewable energy solution study, test, and demonstration (\$0.440M AED). Continued support Class IIIB supply chain through product improvement to increase sources, improve quality, and reduce cost. (\$0.620M CPI). Continue to support infrastructure & process improvements (\$0.440M IPI).												
FY 2016 Plans: Efforts funding related to Energy Readiness have been moved to the Innovative Products and Services for Customers Strategic Focus area. Continued PMO support in program implementation and planning (\$0.365M PMO/CMS). Continued support of alternative/renewable energy solution study, test, and demonstration (\$0.656M AED). Continued support Class IIIB supply chain through product improvement to increase sources, improve quality, and reduce cost. (\$0.914M CPI). Continue to support infrastructure & process improvements (\$0.656M IPI).												
Accomplishments/Planned Programs Subtotals									1.395	1.743	-	

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C. Other Program Funding Summary (\$ in Millions) N/A		
Remarks		
D. Acquisition Strategy N/A		
E. Performance Metrics At least 30% of the completed projects will transition. OSD-C financial metrics (obligation and disbursement) will be achieved.		

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Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 6 / Defense Logistics Information Research (DLIR)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
6: Defense Logistics Information Research (DLIR)	5.625	1.884	1.843	-	-	-	-	-	-	-	Continuing	Continuing

A. Mission Description and Budget Item Justification

FY2016-FY2020 funding for this DLIR have been reprogrammed to the DLA Manufacturing Technology Program (P.E. 0708011S). This change will better align the technical work with the OSD Manufacturing Technology Program initiative for the Model Based Enterprise (MBE). The MBE will help DOD move to a completely digital environment for design and engineering data needed to conceive, design, build and support weapon systems.

The Defense Logistics Information Research (DLIR) program objective is to research, identify, and implement potential or existing technologies using high-risk, high-payoff tools, methods, techniques, and products. The DLIR program partners with commercial industry to perform short-term projects (STPs) in various logistics business areas which align with the Defense Logistics Agency’s (DLA’s) strategic vision. DLIR improves functional and business processes using the latest technologies available, which support the nation’s warfighter. The technical areas of interest are: 1.) Development of Logistics Data Interoperability & Availability. Enhances the functionality and compatibility of data in a complex data environment using supply chain relationships and lifecycle management to allow flexible visibility. 2.) Next Generation Automated Electronic Commerce and Sourcing. The Next Generation Automated Electronic Commerce and Sourcing technical area of interest focuses on employing the best of breed processes, practices, and technology to enable and/or streamline electronic commerce from the customer’s point-of-need to point-of-satisfaction.

DLIR is working several short term projects in the first area of interest only. They are positioning DLA to move towards a model-based enterprise (MBE), using and acquiring 3-Dimensional model-based data instead of 2-Dimensional hardcopy for weapon system sustainment and support.

B. Accomplishments/Planned Programs (\$ in Millions)	FY 2014	FY 2015	FY 2016
Title: Defense Logistics Information Research (DLIR) Accomplishments/Plans	1.884	1.843	-
FY 2014 Accomplishments: Continued to identify ways for DLA to utilize the recommendations for using automated tools and processes for obtaining and exchanging technical data.			
FY 2015 Plans: Continue work on a concept of operations (CONOPS) for using Model based technical data in Procurement			
Develop automated tools and methodologies to store and deliver 3 Dimensional model data to customers so they can use Additive Manufacturing to make the part. The goal is that DLA will store, stock, and ship the model, not the part.			
FY 2016 Plans:			

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency		Date: February 2015	
Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 6 / <i>Defense Logistics Information Research (DLIR)</i>	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015
Efforts related to DLIR have been moved to the Industry and Customer Collaboration Strategic Focus Area. P.E. 0708011S			
Accomplishments/Planned Programs Subtotals		1.884	1.843
			-
C. Other Program Funding Summary (\$ in Millions) N/A			
Remarks			
D. Acquisition Strategy N/A			
E. Performance Metrics At least 30% of the completed projects will transition. OSD-C financial metrics (obligation and disbursement) will be achieved.			

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency										Date: February 2015		
Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 7 / Analytic and Decision Support (A&DS)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
7: Analytic and Decision Support (A&DS)	-	-	-	3.428	-	3.428	3.616	3.605	3.669	3.741	Continuing	Continuing
A. Mission Description and Budget Item Justification												
R&D efforts undertaken to develop and implement advanced analytical tools, modeling, and simulation of logistics and supply chain processes. These tools will improve DLA forecasting and procurement strategy decisions and lead to faster and more flexible response to emerging market and customer requirements. Currently there are three major analytical thrusts: Planning Processes, Medical Supply Chain, and Distribution/Disposition. Planning processes model and simulate item and customer demand patterns to improve customer support, lower inventories and acquisition costs, and acquisition lead-times for hardware (Class IX items). Medical Supply Chain Modeling will provide DLA the capability to integrate DLA logistics data and commercial data with satellite and political maps; it will automate for DLA Medical planners the ability to identify entities such as suppliers, customers and vendor distribution centers to enhance spatial awareness of incidents such as catastrophic events and military contingencies. The Distribution/Disposition thrust will develop, and implement analytical tools, models, and simulations of logistics and supply chain processes related to distribution and disposition.												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2014	FY 2015	FY 2016	
Title: Analytic and Decision Support (A&DS)									-	-	3.428	
Description: E-Mall Access for TENTNET: This project will make it possible for MilSpec Tent information to be available to all EMALL users. It will expand the number of tent and shelter products that have rich technical and performance information available on DOD EMALL. The project is structured to benefit the entire tent manufacturing community by making their product more visible and, more importantly, it will improve the quality of product information available to the warfighter. Plans include completing data collection and web design for three additional MILSPEC tents, complete modifications, and develop web-based training capability.												
Extension of Supply Chain Simulation project: This represents additional tasking for an existing project. The project will simulate the capability of the tent supply chain to surge production under varying conditions and requirements. We expect this project to produce an effective decision making tool for DLA's Industrial Capabilities Programs allowing program management to evaluate the effect of placing buffer stocks at various levels within the supply chain. Anticipate completion by Sept 2011.												
FY 2014 Accomplishments: New start in FY 16												
FY 2015 Plans: New start in FY 16												
FY 2016 Plans:												

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency		Date: February 2015	
Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 7 / <i>Analytic and Decision Support (A&DS)</i>	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015
<p>Planning Process will focus on initial capabilities of Supply chain risk management and examine the potential benefits of alternative ownership strategies for inventory. FY 17: 3.616 FY 18: 3.605 FY 19: 3.669 FY 20:3.741</p> <p>Medical Supply Chain will transition the Fair & Reasonable Evaluation (FRE) application, on the Cost & Pricing charter, to sustainment. A new project for assembly data management could be undertaken this year. FY 17: 0.735 FY 18: 0.748 FY 19: 0.765 FY 20: 0.780</p> <p>Distribution and Disposition will examine alternatives to accurately account for outsourcing costs and benefits of emergency management planning. Additionally, Distribution and Disposition will support integrated analytic and decision support to enhance decision making processes and boost the strategic value of the procurement strategy. FY 17: 0. 945 FY 18: 0. 885 FY 19: 0. 906 FY 20: 0. 924</p>			
Accomplishments/Planned Programs Subtotals		-	3.428
C. Other Program Funding Summary (\$ in Millions) N/A Remarks			
D. Acquisition Strategy Delivery orders will be issued against competitively awarded contracts.			
E. Performance Metrics Improvements in the planning processes for DLA managed items, more accurate estimates of the cost of medical material and improvements will be made in DLA's capability to plan for contingencies. At least 30% of the completed projects will transition. OSD-C financial metrics (obligation and disbursement) will be achieved.			

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency										Date: February 2015		
Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 8 / Logistics Processes (LP)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
8: Logistics Processes (LP)	-	-	-	7.543	-	7.543	7.956	7.929	8.071	8.233	Continuing	Continuing

A. Mission Description and Budget Item Justification

Logistics Processes are R&D efforts undertaken to develop and implement advanced technology in the internal DLA logistics processes. To qualify for R&D funding, the R&D effort must develop and apply technology and processes over and above current baseline IT systems and continuous improvements efforts.

This strategic focus area has 4 thrusts: Technical/Quality Process Improvements, Selected Process Improvements, Medical Processes, and Distribution/Disposition Processes.

T/Q process improvements to reduce material and internal costs and improve support to warfighters. Specifically, Cost of Quality processes, increasing use of DOD organic manufacturing capabilities, reduction of ESA reviews caused by Critical Item Reviews.

Selected process improvements cover processes outside the scope of the Technical/Quality (T/Q) Function including identifying improved methods for improving support for Low demand parts, accurate material receipt processes and eCommerce and catalog items as an alternative to stocking items.

Medical Processes will expand work in critical mechanisms to guarantee product quality of temperature-sensitive medical materiel distributed to our customers, and identify the most efficient and cost-effective means to deliver those medical products in accordance with FDA-labeled and other regulatory requirements.

Distribution and Disposition logistics processes deal with improving distribution and disposition capabilities, operational effectiveness, and efficiency. While numerous technologies and applications have been developed and exploited, DLA has not kept pace with the commercial industry in regards to modernizing its technology systems infrastructure, processes, or mobilizing information for personnel, customers, and processes.

B. Accomplishments/Planned Programs (\$ in Millions)

Title: Logistics Processes (LP)	FY 2014	FY 2015	FY 2016
FY 2014 Accomplishments: New Start in FY 16	-	-	7.543
FY 2015 Plans: New Start in FY 16			
FY 2016 Plans: T/Q efforts will include transition of the Quality cost, organic manufacturing process and Critical Application item projects initiated in FY 15. In addition, a new effort will begin in expanding DNA Marking and developing methods to guard against malicious code entering the supply system through acquired items.			

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency		Date: February 2015	
Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 8 / <i>Logistics Processes (LP)</i>	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015
<p>Selected Process initiatives for FY 16 include expanding the use of supplier owned and managed inventory, exploring the use of mobile technology in logistics processes and adapting commercial practices to DLA internal operations. FY 17: 4.318 FY 18: 4.398 FY 19: 4.457 FY 20: 4.546</p> <p>Medical Processes could initiate a new project in real-time assembly data management to notify all Services that the items in their assemblages are obsolete and the assemblages must be modified. FY 17: 1.618 FY 18: 1.645 FY 19: 1.683 FY 20: 1.717</p> <p>The Distribution and Disposition initiative will leverage emerging distribution and disposal technologies and state of the art reverse logistics. FY 17: 2.080 FY 18: 1.947 FY 19: 1.993 FY 20: 2.033</p>			
Accomplishments/Planned Programs Subtotals		-	-
		FY 2014	FY 2015
Congressional Add: *** PLEASE ENTER CONGRESSIONAL ADD TITLE ***		-	-
FY 2014 Accomplishments: [*** PLEASE ENTER CONGRESSIONAL ADD TEXT FOR PRIOR YEAR. ***]			
Congressional Adds Subtotals		-	-
C. Other Program Funding Summary (\$ in Millions)			
N/A			
Remarks			
D. Acquisition Strategy			
N/A			
E. Performance Metrics			
At least 30% of the completed projects will transition.			
OSD-C financial metrics (obligation and disbursement) will be achieved.			

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Exhibit R-2A, RDT&E Project Justification: PB 2016 Defense Logistics Agency										Date: February 2015		
Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603712S / Logistics Research and Development Technology (Log R&D)				Project (Number/Name) 9 / Innovative Products and Services for Customers (IPSC)			
COST (\$ in Millions)	Prior Years	FY 2014	FY 2015	FY 2016 Base	FY 2016 OCO	FY 2016 Total	FY 2017	FY 2018	FY 2019	FY 2020	Cost To Complete	Total Cost
9: Innovative Products and Services for Customers (IPSC)	-	-	-	5.572	-	5.572	5.377	4.455	4.549	4.651	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Innovative Products and Services for Customers Strategic Focus Area includes R&D efforts to develop new products and services for DLA customers. The Energy Roadmap helps to achieve the operational energy strategy goals of increasing sources of supply, developing and implementing alternative fuels. The Supply Chain Management Roadmap addresses emerging and out of cycle requirements that always occur and new products and services developed by DLA.

Included in the budget (\$1.250M) is the Print on Demand (POD) project for Mapping Enterprise Business System (MEBS) enhancements. DLA Headquarters/CC mandated the POD process to establish a web-based tool for DLA Document Services to receive, order and print maps on demand.

The enhancements improve system capabilities by implementing new and improved program data, user interface, and rules to integrate the POD business process. These enhancements will greatly improve map services to the warfighter while significantly reducing lead times and lowering overhead costs attributed to printing, storage and shipping. The POD Project will require an RMD to transfer funds to a new program element prior to the PB16 submission.

B. Accomplishments/Planned Programs (\$ in Millions)

	FY 2014	FY 2015	FY 2016
Title: Innovative Products and Services for Customers (IPSC)	-	-	5.572
FY 2014 Accomplishments: New start in FY 16			
FY 2015 Plans: New start in FY 16			
FY 2016 Plans: Energy Readiness will focus on providing additional alternatives for military unique fuels, working with the Service customers to improve specifications and standards for fuel quality, engage in modeling and simulation of the energy supply chain and identifying alternative energy sources for Military Customers. FY 17: 5.377 FY 18: 4.455 FY 19: 4.549 FY 20: 4.651			
Supply Chain Management addresses the emerging technology opportunities that occur out of the budget cycle. This allows DLA to get a head start undertaking new technological advances without disrupting ongoing programs. In the past DLA R&D has been able to cut 12 to 24 months off the project starting lead-times. Saving the lead-time allows the Agency to begin to realize the			

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603712S / <i>Logistics Research and Development Technology (Log R&D)</i>	Project (Number/Name) 9 / <i>Innovative Products and Services for Customers (IPSC)</i>	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2014	FY 2015
benefits of implementing new technology sooner than would otherwise be the case and maintain continuity of funding and activity for baseline programs. FY 17: 2.607 FY 18: 2.649 FY 19: 2.711 FY 20: 2.765			
Accomplishments/Planned Programs Subtotals		-	5.572
C. Other Program Funding Summary (\$ in Millions) N/A			
Remarks			
D. Acquisition Strategy Competitive awards against a DLA BAA or Delivery Orders against MILSVC IDIQ contracts.			
E. Performance Metrics Implementing new fuel supply technology into the industrial base and meeting emerging requirements and opportunities for logistics technologies that will provide better support to the DLA mission. At least 30% of the completed projects will transition. OSD-C financial metrics (obligation and disbursement) will be achieved.			