



**DLA IMPLEMENTS SAP for
STREAMLINED, INTEGRATED
SUPPLY CHAIN & FINANCIAL
MANAGEMENT CAPABILITIES**

The U.S. Defense Logistics Agency (DLA) supplies the nation's military services and several civilian agencies with the critical resources they need to accomplish their worldwide missions. DLA provides wide-ranging logistical support for peacetime and wartime operations, as well as emergency preparedness and humanitarian missions.

For the past several decades, DLA has maintained an unwavering focus on responding quickly and effectively to needs of its military customers. Today, DLA is relied upon to make millions of critical supply items available to forces worldwide at the click of a mouse.

DLA's aging Standard Automated Materiel Management System (SAMMS) and Defense Integrated Subsistence Management System (DISMS) had become outmoded systems based on old business practices and obsolete technology. The systems were increasingly expensive to operate and maintain because of their excessive downtime, high operating costs, cumbersome modification processes, and poor performance. DLA determined that these systems were grossly inadequate to meet the future needs of the military services and war-fighting combatant commanders.

Accordingly, DLA launched a massive \$700 million Business Systems Modernization (BSM) program to replace mission-critical legacy systems with an enterprise-wide business system based on commercially available, off-the-shelf software, and to adopt proven and successful business practices used in the commercial marketplace.

Working closely with DLA and in partnership with a large systems integrator, a team of Optimal SAP consultants helped DLA identify, integrate and customize the major commercial technology components for its BSM program. Equally critical to DLA's BSM program, Optimal reengineered DLA's existing supply chain, financial management, order fulfillment, procurement, materials management, and other mission-critical processes to align with commercial best practices proven to streamline operations and drive enterprise-wide efficiency gains.

The Optimal partnership with DLA and the development and implementation of a fully integrated, enterprise-wide supply chain management and financial management system have been highly successful.

The DLA's integrated, end-to-end materiel management, financial and procurement system has significantly lowered operating costs, enhanced supply availability—which is a measure of how well DLA fulfills orders for stocked materials—and dramatically decreased DLA items on backorder.

In addition to meeting the Department of Defense's stringent security requirements, notable implementation challenges included a highly complex integration landscape, which included 110 interfaces across 41 separate, logical connections to 19 different legacy organizations.

The new platforms also allow DLA to exploit new emerging technologies to further streamline supply chain processes and enhance total visibility of all DLA stock.

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QUICK FACTS

Government

- ▶ Agency: Defense Logistics Agency
- ▶ Location: 50 US states / 27 foreign countries.
- ▶ Program Budget: US \$700+ million
- ▶ Employees: 23,000+ civilian and military employees

Challenges

- ▶ Existing, numerous, non-integrated, legacy supply chain and financial management systems resulting in slow, inefficient supply chain and financial management operations
- ▶ Lack of vital systems integration preventing real-time, end-to-end, visibility and hindering agency performance
- ▶ Siloed solutions, data redundancies and outdated systems causing time consuming, expensive maintenance costs
- ▶ Absence of best-in-class commercial software and best-practice business processes stifling efficiency and productivity

Solution:

- ▶ SAP ERP; advance planning and scheduling software from Manugistics; Procurement Desktop-Defense from American Management Systems; application integration technology from SeeBeyond.

Why Optimal Solutions & SAP

- ▶ Comprehensive, proven, scalable ERP solution
- ▶ Deep expertise with SAP ERP; proven experience with supply chain and financial management best practices

Implementation Highlights

- ▶ Collaborated closely with DLA to develop a comprehensive assessment of business needs and formulate major objectives for the agency's BSM program
- ▶ Replaced DLA's legacy material management systems with SAP ERP and best-in-class, commercially available supply chain management and financial management software
- ▶ Reengineered DLA's logistics and financial management processes to mirror SAP best practices
- ▶ Architected and integrated comprehensive system that enables close collaboration with suppliers - 110 interfaces across 41 separate, logical connections to 19 different legacy organizations

Benefits

- ▶ Fully integrated, enterprise-wide supply chain management and financial management system significantly lowers operating costs, enhances supply availability and dramatically decreases DLA items on backorder
- ▶ New integrated supply chain management and financial management system allows DLA to respond to customer needs with greater speed and agility; streamlines operations, drives enterprise-wide efficiency gains, and improves DLA's ability to support America's armed forces
- ▶ Flexible, future-proof system leverages best practices, enables DLA to exploit new emerging technologies, and equips DLA to meet evolving military logistic requirements