

# DLA - Business Systems Modernization: New Strategy Designed to Transform Logistics

BSM, as it is affectionately known to its participant members, is the Defense Logistics Agency's blueprint for movement into the 21<sup>st</sup> century. It includes a strategy for achieving long range business objectives while providing improved support to the military services. Improved support is to come through the "accessibility and velocity of logistics information-the Joint Vision 2010 concept of Focused Logistics."

The first order of business under BSM is to replace DLA's primary materiel management systems, SAMMS and the Defense Integrated Subsistence Management System (DISMS), with an expanded enterprise computing environment and commercial off the shelf software packages. Following close on the replacement of SAMMS and DISMS will be DLA's other "legacy" systems. Legacy systems are historical systems, often lacking an ability to deal with changing technology. This modernization, taking place over several years, will result in an agency-wide systems architecture, enabling DLA to adapt the best commercial business practices to its Department of Defense (DoD) mission. One of the prime benefits of a new, integrated system will be its ability to share data and functions with users, whatever their role in the process. BSM is a response to the awareness that current systems are simply not responsive enough to changing conditions within DoD.

## **The Establishment of SAMMS**

SAMMS was established in the late 1960s and early 1970s in an age where hardware constraints often dictated system functions, instead of the other way around. Today, with those constraints largely eliminated, systems can be designed to meet almost any need. Although SAMMS served the logistics community well for many years, "it is outmoded and is based on old business practices and obsolete technology," said Mae DeVincentis, DLA Executive Di-

rector for Information Systems and Technology. In addition, current systems have become increasingly expensive to operate and maintain due to excessive downtime and cumbersome system modification processes. Today, with cost effective, quick turn-around information available elsewhere, DLA's existing systems were found unacceptable to meet the needs of the work force, military services and the warfighting commanders-in-chief.

BSM is not the first such effort at systems modernization. In December 1991, DLA was assigned the responsibility for managing DoD's wholesale supply distribution system, including the military services' supply depots. It soon became apparent that the various systems supporting the depots had to be replaced with a single system. Thereafter, DLA developed the Distribution Standard System. (DSS) which became fully operational at the end of September 1998. The system, currently supporting 21 depots worldwide, replaced seven redundant and separate systems, resulting in life-cycle cost savings projected at \$500 million through fiscal 2008. There were other such efforts, as well.

During the 1970s and 1980s, DLA was like many other large corporations. Individuals wrote their own code and maintained their own legacy systems. However, during the early 1990s, significant changes were afoot in the software industry. Enterprise Resource Planning (ERP) systems, Supply Chain Management Systems and tailored logistics software were being marketed, deployed and critiqued. Over the past five years, many Fortune 500 companies have

made significant improvements in the various software packages in use. Industry giants have embarked on legacy system replacement projects and have published and shared their lessons learned. They have also refined the actual code and business practices reflected by the software. As commercial ventures discover better, faster and cheaper ways of getting the job done, they share the changes with software providers, who change the system to reflect the new practices. DLA, as a user of software, will share in the improvements made by other users without footing the entire bill for software development, testing, training and maintenance.

## **The Work of the Inventory Control Points has Changed**

Traditionally, the mission of the ICPs was to ensure adequate supplies were available for contingencies anywhere in the world. The mission was accomplished by storing large quantities of supplies at various depots across the system. In spite of best efforts to manage workload and purchases, however, critical items were often on backorder while low demand items accumulated in warehouses. In the early 1990s, DLA began a shift to commercial business practices. Prime Vendor, Vendor Express, Third Party Logistics, Virtual

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Prime Vendor and E-Mall are all means of supplying the customer without stockpiling; they are all methods of direct supply according to customer needs. Over the years DLA made changes to its automated systems to accommodate the change in philosophy, but by the end of the 1990s, it was clear that such changes could not keep pace with the scope and complexity of the new information age. The agency is moving toward a role as a broker of information and manager of suppliers, which should ultimately result in significantly lowering operating costs. Inventories will be smaller and there will be much better information about them available.

#### **Demands on Employees Have Changed**

Another change in DLA has been in the technology directly available to the work force. Ten years ago many employees did not have personal computers (PC) on their desks. Today, not only does every employee have a PC on their desk, powerful processors and software have dramatically changed the way employees do their jobs. Manipulation of information is now accomplished by actions such as "point and click," "drag and drop" and "spell check" instead of more traditional means. The PC has made every employee an Editor, calendars are managed by computer and E-mail is a tool which can be used to speed information flow and decision making. The work force has now been forced to deal with new ways of doing business and change has become one of the few constants.

#### **SAMMS Hasn't Changed**

While other agencies moved immediately to adopt commercial, off the shelf software and business practices, DLA has moved more cautiously. In the meantime, SAMMS' ability to respond to changing conditions has continued to slow. grow old and frail. Older than most legacy systems in use in private industry, it would be too unwieldy and costly to make additional modifications to SAMMS. In addition, even a vastly re-designed SAMMS would still be an isolated, unique system and the cost of development, testing and maintenance would be borne only by DLA and its customers. Continuing to make incremental changes to SAMMS would improve the system but wouldn't bring about the core changes in business practices that are necessary for the new millennium. BSM will bring about fundamental changes in the way DLA does business and add to employee's tools a suite of software that supports those changes, can keep DLA competitive, relevant and strong.

#### **The Response: Business Systems Modernization**

In response to the need to modernize its systems, DLA formed the Business Systems Modernization Steering Group, consisting of senior leaders from DLA and Defense Logistics Support Command. The steering group, with the help of a contractor, considered alternative means of developing a comprehensive information technology system. With a view to use best commercial practices, the steering group has elected to base its systems modernization effort commercial, "off the shelf" products.

One might ask, "Why use off the shelf products?" The answer is relatively simple. Off the shelf software products represent business processes and systems that have been tried and proved to work in a commercial environment. Such products are available from General Services Administration Information Technology schedules through competitive gov-

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ernment acquisitions. Though software is purchased off the shelf, specific licensing and implementation requirements need to be addressed and will be specified in negotiated task orders. The goal of BSM is almost the opposite of government systems development in the past. The team is not attempting to define its requirements in great technical detail and build such a system from specifications. It is basically taking software that others have developed and used and adapting it to our needs.

#### **The Road Ahead**

By fiscal 2005, DLA will be well on the way to replacing all of its major mission-critical legacy systems with commercial business alternatives. By using commercial applications and practices, DLA should be able to improve its performance in ways that will be noticeable to customers and employees. Many manual processes will be eliminated. Incorrectly coded orders will be modified on-line, rather than by returning the order to the customer. Employees should also see improvements. We will have a greater variety of information available and processes will appear seamless in a way which is unthinkable today. Employees will have the information they need to do their jobs literally at their fingertips. Action officers will have enough information at the desktop so that she can make rational decisions on a variety of functional issues. With separate and geographically distinct operational centers, DLA is moving toward becoming a "virtual logistics agency," managing relationships among the suppliers, customers and all its accompanying information. Information Technology will be the means to provide the visibility of inventories and manufacturing capabilities, increasing the speed and effectiveness of communication.

***Communication Targets:  
the Workforce, the Public and  
our Stakeholders ---  
Different Strategies Required for  
each Target Audience***



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