



# Strategic Network Optimization Integrated Process Team outlines recommended scenarios

By Jessica Roman, DLA Distribution Public Affairs

In an expansive effort to create a globally optimized distribution network, the Defense Logistics Agency is partnering with United States Transportation Command and military services to support Stewardship Excellence and Warfighter Support Enhancement through Strategic Network Optimization, or SNO. Convening at DLA Distribution headquarters, in New Cumberland, Pa., the SNO Integrated Process Team, or IPT, outlined the three proposed scenarios that will go before the Process Review Board for consideration.

“The final goals of the SNO project

are to support customers in both peacetime and contingency operations, to reduce operating costs, to provide agility and performance, and to balance efficiency and effectiveness,” said United States Navy Lt. Cmdr. Xavier Lugo, SNO Modeling and Analysis lead.

Working since October 2010, the Modeling and Analysis Team identified three scenarios that could be implemented and could reduce Department of Defense costs by 2014. The three scenarios proposed for consideration were derived from analytical software that uses a common database linking United States Transportation Command, DLA, and military services, resulting in a view of where

efficiencies can be gained.

The first scenario outlines the cost benefits of increased container utilization rates into Afghanistan. “Analysis of this scenario projects that a one percent increase in container utilization results in cost avoidance of nearly \$1.1 million dollars annually,” said Lugo.

Also taken into consideration is the increase in the use of 40-ft. containers vice 20-ft. containers traveling through the Northern Distribution Network, or NDN. A combination of improved container utilization and reduction of 20-ft. containers may provide the highest level of cost avoidance.

Considering the five major NDN routes, the scenario relates to several ongoing initiatives, including DLA Distribution and the NDN team’s initiative to inject Theater Consolidation and Shipping Point-like facilities within the NDN for Afghanistan logistical support, USTRANSCOM’s Strategic Surface Optimization efforts to select best-value carriers along the NDN routes, and DLA Distribution’s efforts to improve container utilization.

Scenario two demonstrates that



United States Navy Lt. Cmdr. Xavier Lugo, Strategic Network Optimization Modeling and Analysis lead, discusses scenario three with the Integrated Process Team.

significant transportation savings can be realized by shifting air shipping modes from military airlift to commercial airlift.

“For each one percent reduction of military air sustainment materiel shipments, up to 10 percent, \$16 million dollars per percent could be achieved,” said Lugo.

This scenario considers DLA-managed sustainment materiel only, and will ensure that minimum military air requirements are met.

The final, and longest-term scenario, proposes a repositioning of DLA common materiel from Forward Distribution Points, or FDPs, to Strategic Distribution Platforms, or SDPs. This scenario utilizes DLA Distribution’s four SDPs, located at Susquehanna, Pa., San Joaquin, Calif., Warner Robins, Ga., and Oklahoma City, Okla.

Moving common materiel to an SDP could help gain efficiencies through a reduction in transportation costs.

“By pulling materiel back from FDPs to the SDPs, transportation costs do not increase notably, because FDPs will be able to take advantage of DLA Distribution’s Dedicated Truck Program,” said Lugo.

The Dedicated Truck program provides direct delivery of shipments to specified locations, meeting a pre-established delivery date and time. This process provides the customer direct delivery services from the shipper’s location to the customer’s door.

Direct delivery service via



**Ed Visker, DLA Distribution Susquehanna, Pa., deputy commander, right, discusses the walk and pick process with the Integrated Process Team at the Department of Defense’s largest distribution center, the Eastern Distribution Center.**

Dedicated Truck supports high-volume customers receiving numerous shipments. Through coordination with the customer, all cargo, regardless of the priority and size, may be delivered up to seven days a week from some DLA Distribution facilities.

By repositioning this stock, inventory can be consolidated to fewer locations. “The inventory benefit of this long-term plan is up to \$100 million dollars of cost-avoidance,” said Lugo.

Recommended for implementation, this scenario is currently pending Primary Level Field Activity review of the inventory to be moved to provide optimal Warfighter support.

In order to see how inventory is processed at DLA Distribution, the IPT team was also briefed at the largest distribution facility within the Department of Defense,

the Eastern Distribution Center, located at DLA Distribution Susquehanna, Pa., one of DLA Distribution’s four SDPs.

DLA Distribution Susquehanna, Pa., deputy commander Ed Visker outlined the Air Line of Communication Pallet Build operations, the Dedicated Truck staging area, CONUS and OCONUS Surface Staging, Consolidation and Containerization Point operations, and the high-rise storage and retrieval process.

The next steps for the Strategic Network Optimization Program include expanding the baseline and optimization model for analysis, analyzing scenarios, refining the model, and planning the implementation. This will bring service representatives and their data into the analysis and modeling process. The project is expected to continue through Sept. 2013.