

SUBJECT: Defense Transportation Coordinator Initiative (DTCI)

ISSUE: Info Only

USTRANSCOM POSITION: USTRANSCOM will aggressively pursue this DPO effort to coordinate the movement of freight in the CONUS to improve operational and warfighter support.

USTRANSCOM senior leaders use these general talking points at every opportunity with key stakeholders in the services, industry, and media.

DISCUSSION

- The DTCI project is a Distribution Process Owner initiative contributing to the Under Secretary of Defense for Acquisition, Technology and Logistics' goal to integrate DoD Logistics to become more responsive to warfighter readiness while achieving greater efficiency. The United States Transportation Command (USTRANSCOM) is working in partnership with the Defense Logistics Agency (DLA), the Military Services and industry to develop and implement this initiative. DTCI changes the basic business model for moving DoD continental U.S. (CONUS) freight. DTCI will use a commercial business model, commonly referred to as a third-party logistics provider (3PL), to manage DoD freight. Major corporations such as Dell, Ford, GM, Target and Walmart use 3PLs to manage their supply and distribution chains. Currently, DoD freight transportation requirements are locally managed at almost 700 shipper sites with no central oversight. Under DTCI, CONUS freight movements will be leveraged and centrally managed by one world-class transportation coordinator maximizing opportunities for consolidation, optimization, rate reductions, enhanced visibility and better transit times. Our evolutionary approach will focus on specific areas for implementation while making process improvements and building on prior experience as it proceeds

WHY IS DTCI IMPORTANT?

- Improved operational and warfighter effectiveness
 - Improved delivery performance
 - Reduced truck traffic at gates with reduced workload for freight loading/unloading
- Single point execution
 - Installation Transportation Officers/Transportation Management Officers (ITOs/TMOs) will go to single coordinator versus working with multiple carriers
 - Coordinator responsible for pickup/delivery performance, and service quality issues
- Significant cost savings is expected
 - Partnering with a world-class 3PL leverages best commercial practices with the DoD's large transportation spend
 - Business Case Analysis projects significant savings achievable
 - Allows use of scarce resources on weapons systems and training
- Improved In-Transit Visibility (ITV)
 - Coordinator provides ITV throughout move and feeds government systems
 - Interfaces with Service and DLA information technology (IT) systems
- DTCI is sized right to include CONUS sustainment freight

- Excludes overseas shipments; unit moves; household goods and private vehicles; movements using military vehicles and equipment; local drayage; bulk fuel; Arms, Ammunition and Explosives; classified materials; and small package eligible items
- No staff reductions in the ITO/TMOs
 - ITO/TMO still needed based on exclusions and mission
 - ITO/TMO staff can concentrate on wartime mission

WHAT IS THE IMPLEMENTATION STATUS?

- Multiple interfaces with industry have been completed
 - Seven Requests for Information have gone out with terrific industry response
 - Industry Day meetings, to provide and update information to potential bidders
 - Presentations and participation at Industry Association conferences and meetings
 - Draft solicitation released to industry in Apr 06 with a very strong response
 - Pre-solicitation conference was held in Nashville, TN (+150 in attendance)
 - Two“One-on-One” meetings were held with industry representatives to address specific solicitation concerns
 - Pre-proposal conference conducted at Barstow and San Joaquin Defense Distribution Centers (DDCs)
- Final Request for Proposal released 21 Jun 06
- Industry proposals were received in Aug and will drive source selection activities throughout the Fall
- Initial site activations are scheduled for 165 days after award
 - Barstow, Corpus Christi, and Puget Sound are 1st three DDC sites
 - Phase I includes all 18 CONUS DDC locations
 - Phase II includes 33 co-located Service shipping locations
 - Phase III includes 16 more Service shipping locations
- Transition Planning effort in full gear
 - DTICI Program Management Office (PMO) partnering with Defense Logistics Agency change management experts and Service logistics professionals is critical
 - Transition planning will include training local shipping offices, IT integration activities, contract monitoring/administration activities, development of operational monitoring actions, etc....