Introduction: The Criticality of Military Logistics

Thank you for that kind introduction. It is a privilege to speak here today, and to spend some time with men and women whose work is fundamentally vital to our military operations everywhere, across the full spectrum of operations. I salute each of you for your professionalism and dedication to the mission.

This is both a challenging and exhilarating time to serve as a logistics professional—including a catchy UPS commercial that literally sings praise to all of you, regardless of specialty. Over the last decade, our Nation has called, and logisticians of every stripe have answered in the most exceptional ways, assuring that supplies and equipment are readily available whenever and wherever they are needed, and maintaining an impressive array of that warfighting equipment in mission-capable condition, including those that are aging and battle-worn.

From a strategic perspective, this unparalleled logistics capability ensures our ability to reach and create desired effects nearly anywhere on the planet, which ultimately is what makes our military truly unique. Sheer capabilities are important and necessary, to be sure; but alone, they are insufficient to our Nation's needs. It is our ability to employ and to sustain military capabilities that ensures that these capabilities can be brought to bear virtually anywhere in the world, to secure our Nation's most vital interests. Our status as a global power is what sound logistics management helps to enable.

And, from a tactical perspective, our Joint and coalition warfighters who rely on the supply chain and distribution pipeline to deliver vital resources cannot say enough about the herculean efforts of logisticians—from the Airmen who fly in harm's way, to our ground force teammates who are engaged in hostilities and are relying on airpower for life-saving fire support. When you note the challenges that we face in sustaining ongoing operations in Afghanistan alone, it becomes easy to understand why I say again, today, that our logistical capabilities are the foundation of our Nation's military power.

Current State of Military Logistics—Recent Accomplishments

From those who have deployed to shepherd supplies, maintain vehicles and aircraft, and launch sorties; to aerial and sea porters, and logisticians at en route locations; to those who serve at air logistics centers, headquarters and Joint staffs, and the Defense Logistics Agency, the entire team that forms the massive logistics chain is composed of vital links, each one supporting the attainment of overall success.

In Afghanistan, Iraq, and wherever friendly forces operate, our adversaries are left with fewer options to directly counter the effectiveness of our robust logistics support. Through the air, this robust supply chain airlifted more than 228,000 short tons of cargo to Iraq and Afghanistan, as well as over one million passengers. In addition, Air Force tankers offloaded a staggering 780 million pounds of fuel to well over 60,000 aircraft. On the ground, our substantial investments in Basic Expeditionary Airfield Resources, or "BEAR," ensured the delivery of virtually everything that our troops might need for airfield operations in an austere environment: personnel and equipment shelters, food service facilities, power and water production and distribution equipment, climate control units, refrigerators, maintenance equipment, and runway lighting. Just over a year ago, one stateside materiel maintenance group deployed with 2,910 short tons of BEAR assets to Afghanistan, including enough airfield matting to cover 480,000 square feet—the equivalent of eight football fields—and three sets of encampments that housed 1,650 personnel in Afghanistan.

And, as Army and Marine Corps units transitioned from Iraq to Afghanistan last year, those three BEAR encampments were augmented by another dozen BEAR taskings—six from United States Air Forces in Europe, and another six from U.S. Air Forces Central. Our ability to surge in Afghanistan was due in no small part to this incredible capability.

Challenges and Opportunities

But as proud as we are of our logistics professionals and the military capabilities that they enable, we know that room for improvement exists to bolster our visibility, control, and capacity of our supply chain and distribution pipeline.

We also appreciate that any forward progress will benefit from the perspectives and expertise of professionals like those who are assembled here today. As we strive to streamline and optimize our global supply chain management, it is instructive to consider best practices and "lessons learned" from across the Nation's logistics enterprise, because as budgetary pressures continue to intensify and purchasing power continues to dwindle, logistics is likely to become even more of a "whole-of-nation" proposition.

As I just discussed, there are some dimensions of the logistics enterprise that the military does particularly well—even uniquely well—to underwrite our unparalleled military capability. But certainly, our private sector's sterling reputation for excellence and efficiency in supply chain management has the potential to drive improvements in military logistics as well. In looking to the private sector, we must not only discern the unique techniques and practices between public and private sector supply chain management. We must also account for what the private sector does better or more efficiently; identify the rationale for any intentional differences; and, where possible, determine whether best practices and "lessons learned" can be exchanged and applied to the benefit of the military supply chain and distribution pipeline.

One important reason for the private sector's more efficient operation is its ability to track movement and accountability down to the individual item in each shipment. While Fed Ex and UPS use bar codes and hand-held scanners to track control numbers that remain constant for each item from start to finish, military logisticians must deal with disparate tracking systems that, for the moment, neither integrate very well nor permit a single tracking control number to remain constant throughout the entire supply chain. Instead, items must routinely be assigned different tracking control numbers depending on the transportation mode; and, since shipments almost always involve a series of multiple modes—a combination of ground, air, sea, and finally ground transportation again—"package A" could be re-designated as "package C, D, and E" on its journey through the supply chain to the final recipient. Because of multiple tracking numbers and bills of lading, tracked by disparate and antiquated systems, it is an unfortunate reality that the final

recipient—our men and women in the field—do not always receive what they request.

To help address this problem, a program currently under development, called "Total Asset Visibility," has as its goal to utilize radio frequency identification devices, or "RFID," to track individual shipments, given its significant success in tracking cargo containers with greater accuracy and accountability. With this technology, logistics personnel and commanders worldwide will soon be able to maintain visibility and accountability for each individual asset, even after it has been unloaded from the cargo container. They therefore can more confidently determine the exact location of every asset in the supply system.

With the progress that we have made, we can now conceive of the next step, which is to furnish individual tracking information through the Expeditionary Combat Support System, or "ECSS," whose pilot version went live last July at Hanscom Air Force Base. ECSS was designed to replace more than 240 Cold War–era systems in use today, none of which share data with each other very well, if at all. IMDS, OLVIMS, SBSS, ETIMS, JCALS, LOGMOD, and REMIS comprise just a small sampling of these legacy systems—a veritable "alphabet soup" of disparate and largely incompatible systems, making it hardly a surprise that we suffer from unnecessary duplication of effort and costly inaccuracies.

ECSS's potential to improve Air Force logistics operations represents a potential quantum leap in supply chain management. Along with Total Asset Visibility, ECSS stands to standardize logistics processes and provide an enterprise-wide view of the supply chain, making efforts more efficient and data more precise. Now, I'll be frank: fielding ECSS hasn't been easy. It has been difficult and occasionally frustrating work, largely because it represents a comprehensive transformation in our information technologies to revolutionize the entire Air Force supply chain architecture. But, the basic structure is generations old, and is well past the stage where we can hope to yield effective solutions to evolving challenges, merely by adding new applications to disparate systems. I would argue, as I have to the GAO and others, that we need to replace the basic foundation, even if only by one attainable bite at a time. With Total Asset Visibility and ECSS, we would leverage

off-the-shelf information technologies that are readily available to us. Once Total Asset Visibility becomes a more robust capability, the next step—visibility and accountability in the terminal phase of the distribution pipeline, or what I will call the "final five miles"—is an equally challenging problem that we must address and fix.

The "Final Five Miles"

But, before I get to the "final five miles," allow me to comment on the second reason for less efficiency in military logistics, which has to do with our mandate to deliver capabilities to the warfighter in wide-ranging, often austere environments. The fact that there is not an ability, comparable to that in the private sector, to forecast or plan for meeting diverse requirements using any single model, represents perhaps the starkest difference between private and public sector logistics. It also helps to explain why the most difficult segment of the supply chain to maintain visibility and accountability is in the "final five miles." This means that after traveling thousands of miles from factory or depot; through multiple consignees at distribution, embarkation, and debarkation points; to entry into the theater of operations; and finally, to the supply sergeant at a major forward installation, shipments of supplies and materials can, unfortunately, still get diverted, lost, or otherwise unaccounted for in the final leg, immediately prior to delivery.

There are many reasons for this. Most notable among them is that our forces are mobile and operate in further forward, dynamic, and often hostile environments. Put another way: there is no final street address to which a delivery truck can go, and where the courier can scan a UPC code and certify delivery to the intended recipient. And, when one considers that we have been operating for the last decade in places like Afghanistan—which the Under Secretary of Defense for Acquisition, Technology, and Logistics has described as "probably the most incommodious place…to fight a war"—one can begin to understand the challenges that are posed in the "final five miles" of the distribution pipeline. It presents such a staggeringly difficult problem in such a short segment of the entire chain.

On the other hand, if we contrast the "final five miles" to the remaining 98 percent of the supply chain—in both permissive and opposed environments—we

discover that capabilities of the military logistics system are unparalleled, bar none, when it comes to flexibility and adaptability to overcome unforeseen circumstances. For example, in order to meet the requirements of non-combat contingency operations, the United States Transportation Command has had to open ports for its own use in roughly 75 percent of humanitarian assistance responses to events such as hurricanes; earthquakes, as in Haiti last year; and, most recently, multiple concurrent disasters in Japan. In the immediate aftermath of such devastation, information on the ground is almost always sparse, incomplete, and inaccurate. But, military logisticians have consistently demonstrated their ability to adapt, overcome, and persevere in these harsh conditions.

This adaptability translates to more options for combatant commanders in planning combat operations. Such was the case in the early stages of Operation IRAQI FREEDOM. When denied access to ideally-situated enroute ports, our military logistics system was able to alter transportation plans and modes in the middle of execution, open and operate air and sea ports where we needed them, and resume planned actions with little apparent loss of momentum. The after-action reports cited the incredible operational potential of this *ad hoc* versatility. However, these reports also noted the lack of a permanent Joint capability to open and operate ports expeditiously. USTRANSCOM has since filled that gap by standing up Joint Task Force–Port Opening, which improves operations by synchronizing Army and Air Force entry into the theater, yielding combat effectiveness with a greater measure of the kind of efficiency that has become all-important to today's military.

Additional Challenges in Today's Fiscal Environment

Providing the world's most advanced logistical support to our warfighters, particularly in remote areas, is a daunting challenge in itself; but, we now also face the challenge of preparing for an uncertain future. It is especially difficult to do both in today's extremely constrained fiscal environment of mounting national deficits and flattening defense budgets.

We therefore must achieve greater efficiencies by eliminating as much administration and overhead costs as possible, to maximize our operational advantage while contending with decreased purchasing power. The efficiency and

precision that we can realize through new systems and methods of Total Asset Visibility and processes inherent in ECSS will bring us closer to the standards of consistent, item-by-item accountability that is routinely achieved by our private sector partners, helping us to reduce our spare parts inventories and incidents of items getting lost or misplaced. This also brings us one step closer to a clean audit by 2017, which will strengthen public confidence in Air Force stewardship of taxpayer funds. Ultimately, this will enable further streamlining of transportation requirements, plans, and schedules, thus increasing our supply chain's capacity to deliver the right materiel at the right place and the right time.

Conclusion: Toward More Efficient Logistics

In the past, we have occasionally dealt with imprecision in logistics by moving mountains of stockpiles of equipment and supplies, and relying on the resourcefulness of troops on the receiving end to sort and get materials wherever they were needed. Those days of sustained "brute force logistics" are increasingly likely to be only a memory, for as we perhaps initially must surge supplies and materiel to assure maximum effectiveness, ongoing operations will require more precise accounting of consumption and replenishment for maximum efficiency and minimum burden on the supply system. A new era is dawning in which precision in logistics will redefine mass in inventory, not unlike how precision in our airborne munitions redefined mass in strike aviation. Today's information technology capabilities have made this vision possible, and tomorrow's demand for efficiency has made the need urgent. With challenges still looming in the future, we must maintain a long view and be prepared to deliver across a wide variety of contingencies of undetermined scale and scope.

In moving forward, we require honesty and candor from everyone. We need honest, up front, and realistic evaluations of pricing, availability, delivery, and perhaps most important, information assurance. We cannot afford products at inflated prices from prime suppliers when comparable after-market substitutes are available at half the price. We require more agile partnerships with industry—large and small firms alike—where we unify our efforts in common cause. I appreciate that institutional imperatives for us in government, and financial reports for many

of you in the private sector, will continue to drive many of our decisions. But, in the better interests of our national security, we must curb pure self-interest, and act with common purpose; because, with the intersection of ongoing fiscal pressures and strategic uncertainty, there is no trade space, time, or patience to do otherwise.

Because we can achieve, I believe, an appreciable degree of this broader ambition, we have reason to be confident. By addressing broader issues candidly and on a more frequent basis, identifying obstacles to greater efficiency, and unleashing innovation to improve yield and reduce cost, a future of maximized efficiencies and effectiveness in our operations is clearly within our grasp.

Ladies and gentlemen, it has been my honor to speak with you today. I look forward to working with you, and will now gladly take your questions. Thank you.