

EXPANDED ELECTRONIC GOVERNMENT

(a) Describe your eGovernment initiatives that enhance your mission efficiency (i.e., electronic applications, purchases, proposals, etc.). How have these initiatives provided your customer better access, improved customer service, and reduced program costs?

The Defense Supply Center Philadelphia (DSCP) champions the use of eGovernment technologies as an enabler for delivering its products and services more effectively and efficiently. By taking greater advantage of leading edge products and associated services, the development life cycle for DSCP's eGovernment products and associated services is becoming increasingly shorter and more and more "off the shelf." As we deliver our services, via the Internet within a user-friendly environment, there is an opportunity for us to also act as an incubator for the development of products and services that can ultimately be marketed globally. By taking advantage of eGovernment technologies to build newer and better web-based applications, DSCP has: delivered single point electronic services around-the-clock (regardless of the personal computer or device used); eased integration across agencies despite their different systems and technologies; promoted lifelong eLearning solutions through the public education sector; fostered economic development by facilitating partnerships with private business; and improved the decision-making policies and regulations by allowing analysis of information from many sources. DSCP's success in supporting our Military Services with diverse supplies and services via its four very uniquely-managed commodity Directorates (Clothing & Textile (C&T), General & Industrial (G&I), Medical Materiel, and Subsistence) has opened the door to exploring and implementing both corporate eGovernment initiatives (applications that extend across all our Center's commodity lines) and specific commodity applications. These eGovernment initiatives provide DSCP significant leverage to the way we do our business and can be easily replicated by any other Government organization. Highlights from our corporate and commodity-specific long-term initiatives follow.

Gateway (DLA Procurement Gateway) is an integrated collection of automated systems providing oversight for the management of procurement data and electronic distribution of required documents and provides a one-stop shop for vendors seeking to do business with DLA. Originally developed for our G&I Directorate, the Gateway was so successful in its implementation that it was expanded to include two of our other three directorates. The Subsistence Directorate uses a different legacy system called the Defense Integrated Subsistence Management System (DISMS), while the other three commodities, as well as the other Defense Logistics Agency (DLA) centers, use the Standardized Automated Materiel Management System (SAMMS). This web-based application allows vendors to view and download solicitations, purchase orders, delivery orders, and contract modifications. It also provides a direct link to both the drawings on the ABIWeb (Automated Bidset Interface Web site) and the quotes against Request For Quotes (RFQ) submitted electronically by the vendors, via the Internet Quoting System. By providing vendors with a quick and resourceful method of acquiring both the solicitation and related technical data at the same time, the Gateway has decreased the solicitation-opening period, dramatically reducing the procurement lead time period and speeding delivery of materiel to our customers.

DSCP Electronic Commerce (EC)/Electronic Data Interchange (EDI) is an enabling eGovernment technology which permits the flow of information in a paperless environment. This is accomplished through the use of standard-based, structured data communication formats that allow large volume data transfers via electronic commerce. EDI evolved through industry consensus and its operations play a key role in implementing paperless acquisition and accelerated logistics response. By using EDI, the entire business transaction, from ordering and invoicing to shipment and payment, is done electronically, dramatically improving contract order placement and delivery, shipment tracking, and vendor payment.

3PL (Third Party Logistics) enhanced supplier and customer integration of ARIBA eMarketplace, provides eGovernment technology that facilitates web-based collaboration capabilities in order to leverage the volume of the Services' purchasing power and compresses the supply chain through organized, streamlined ordering. Leveraging the Services' purchasing power and taking the role of "broker," DSCP has established contracts with Prime Vendors (PV), third party providers, to provide direct delivery sources of DSCP-managed items for specific geographic regions. The PV portal then presents any given Service's customer convenient online access to the DSCP negotiated products and prices of the vendors for his specific region. Upon receipt of the customer's ARIBA eMarketplace online shopping cart order, the supplier delivers the materiel. By using 3PL, the need for DSCP wholesale and retail stocks of materiel diminishes, presenting opportunities to reduce manpower authorizations.

DMMonline (Directorate of Medical Materiel online) blends worldwide access and state-of-the-art functionality in its web-based applications. It is the Warfighters Medical Logistics Portal. This site provides a single portal to a vast array of powerful multifunctional business systems and processes that significantly enhance the ability of the Medical Directorate and its strategic trading partners to conduct eCommerce. A few of these resources include: Electronic Catalog (ECAT), Readiness Management Application, Customer Demand Management Information Application, Best Pharmacy Report, and the National Contract Compliance Report. Major capabilities housed within the site include: web-based ordering, business intelligence applications, and wartime requirements management tools. These allow the Medical Directorate to match the needs of its customers with the multitude of the products and services provided by its commercial trading partners.

ECAT (Electronic Catalog) is the Medical Directorate's paperless contracting, electronic ordering, electronic invoicing, and electronic payments web application. It is a "Total Catalog/Total Delivered Price" program that allows DSCP Medical to consolidate buying power across the Federal Government and guarantee manufacturers a certain volume of business for a product or line of products. The system also allows suppliers to promote their products and prices and to pictorially display unique features that may be of interest to DSCP customers. Basically, ECAT provides the convenience of purchasing from local vendors while still benefiting from the volume discount prices associated with central procurement systems.

MCF (Medical Contingency File) houses, maintains, and provides access to the time-phased medical contingency requirements of the Military Services. This web-based file enables logistical planners to assess their ability to meet the wartime requirements of the Military Services and develop strategies to fill voids in coverage. The Medical Directorate

has partnered with its commercial trading partners to use their commercial knowledge and capacity to meet the contingency needs of the Military Services. The Directorate buys access to stocks instead of buying, storing, and maintaining the stocks themselves. Each year, the Directorate invests \$17 million and receives access to over \$175 million in inventory or a 10 to 1 return on investment.

CDMIA (Customer Demand Management Information Application) provides historical consumption data which enables the Medical Directorate to manage the medical supply chain. This valuable tool has been upgraded to monitor consumption in near real-time, allowing faster reaction in times of crisis. For making best-value business decisions, the application couples standard reports with online analytical processing to provide customers with access to a full array of business intelligence, ranging from product prices to stock availability.

ITV (In-Transit Visibility) captures the Medical Directorate's Prime Vendor (PV) shipment data electronically in a standard industry approved format through the existing commercial Global Transportation Network (GTN). Line item and shipment data from PVs is used by DSCP in management and oversight of vendors and for customer use in maintaining asset visibility. Because most medical shipments are delivered directly to the overseas destination from the carrier without passing through DoD shipment consolidation points, the program benefits DSCP and its customers by ensuring full shipment visibility.

Warfighter.net is the Clothing and Textile Directorate's robust information and focused logistics online order fulfillment system that accelerates customers' orders/ship times. Web-based, it provides customers with around-the-clock ordering availability and offers customers a cutting-edge catalog and user-friendly information and supply system. Customer-requested specialty shops (tailored sub-catalogs) exist for tentage, law enforcement, ecclesiastical, orthopedic footwear, physical fitness uniforms, extreme cold weather clothing system items, and Reserve Officer Training Corp programs. Registered customers can check stock on hand when ordering, obtaining requisition or delivery status, submitting a supply discrepancy report, or extracting requisition data to interface with their own legacy systems, making it a truly exportable system.

STORES NT (Subsistence Total Order and Receipt Electronic System) is the Subsistence Directorate's PV web-based, real time ordering system used by food service operations, large and small, military and non-military, worldwide. Each STORES NT customer receives a personal computer, printer, software, installation, and face-to-face training. STORES web is the enhancement to STORES NT and will be mentioned later in this narrative.

DeCA (Defense Commissary Agency) Web Ordering, a joint eGovernment initiative between the Subsistence Directorate and DeCA, integrates the Subsistence Fresh Fruits and Vegetables Order Receipt System (FFAVORS) with DeCA's automated data processing (ADP) operation at the commissaries. This web-based system provides weekly item catalogs with unit pricing for all CONUS (Continental United States) commissaries. These catalogs are unique to each Produce Buying Office (PBO), enabling their DeCA customers to order from a catalog that reflects their local market availability, conditions, and prices. The

electronic data flow realized with the DeCA Web Ordering has greatly reduced the manual workload for both the commissaries and PBOs.

(b) Describe your Web-enhancements that provide convenient customer-oriented access and provide increased access for persons with disabilities.

To achieve an "information society for all," in accordance with Section 508 (Electronic And Information Technology) of the Workforce Investment Act of 1998, people with special requirements need to have the best possible access to information technologies (<http://www.508section.gov>). We formed teams to review approximately 40,000 web pages. From the teams' feedback, the DSCP Webmaster developed procedures and obtained the necessary software in order to build the infrastructure necessary to support "508 implementation." At DSCP, we are customer focused and dedicated to making our web pages user-friendly and accessible to all visitors. Technology provides businesses with the capability to compress time and space, overcome and break down physical barriers, and transcend geographical boundaries. In today's eBusiness environment, where rapid change is the only constant, we implement flexible solutions that take advantage of innovative new technologies as they emerge, while still delivering the full value of our existing legacy systems, SAMMS, and DISMS. Utilizing "off the shelf" software provides the enterprise-class reliability, security, and scalability we need to operate an effective eGovernment site. In order to cut costs, improve service/access, and make it easier for our customers, business partners, and suppliers to do business with us, DSCP continues to trail blaze by incorporating eGovernment technology into the integration of our information systems, thereby propelling our web applications to the newest and highest levels possible. This in turn enables us to reach our main goal of cutting costs to the warfighter and the American taxpayer. Long before it became a mandate, DSCP provided its customers (both external and internal), the vendor community and commercial trading partners convenient, state-of-the-art, readily accessible web portals that enable them to efficiently and effectively accomplish their eBusiness in a paperless environment. This was made possible by reaching out to our customers, vendor community, and trading partners by requesting feedback concerning their business, how they would like to do business with us, and how we can make our business applications easier to deal with. Our Internet applications are based on the feedback we received—namely, the need for easy access, ease of use, and exportability. We did not automate a manual process for the sake of placing it on the Internet or convert an existing process to be duplicated on the Internet. We developed user-friendly, customer-focused, enhanced web-based applications that accomplished the job that needed to be done. At the same time, we provided our customers with a comfortable atmosphere in which to conduct their eBusiness - similar to what the Ford Motor Company did when they developed the Ford Taurus; they built a car (which met with instant success) based on consumer input. Highlights from some of our web enhancements are:

The **Gateway** (DLA Procurement Gateway) portal is a prime example of DSCP's dedication to providing customer focused access to its business. At the cost of \$467,000, it was developed in-house along with the cooperation and assistance of other Agency partners. It is a web-based procurement system which yields significant cost savings with decreased lead times to the vendor communities of all DLA centers. Its distribution of solicitations is more than 18,000 a month. Procedures in effect prior to the Gateway did not promote

competition. Typically, only three vendors, on the average, would respond to a solicitation. When asked, they explained that buying the necessary documents and bidding was not worth the trouble they had to go through. With this lack of vendor interest, stockpiles began to dwindle as the Nation's materiel pipelines began to run dry. Backorders began to increase at an amazing rate and expected sales were lost. The Gateway allows vendors, at their convenience and no cost, to conduct their eBusiness with DLA from one portal, downloading solicitations, engineering drawings and specifications, quoting, and reviewing previous bids and awards. At any given time, the Gateway has 38,000 solicitations online which is 250% more than the number when DLA used electronic bulletin boards. Registered vendor profiles have increased from 30 to 3,500 with a remarkable 76,000 unique customers hitting the system. The site averages 2.1 million hits per month. These figures are emblematic of the Gateway's success. It is heralded by the vendor community which keeps increasing year after year. The DLA Procurement Gateway represents a phenomenal technological breakthrough in eGovernment technology.

3PL has provided DSCP's service level customers with an additional tool that operates to compress the DLA supply chain. The ARIBA eMarketplace web portal provides a single ordering system where a registered customer can browse (and order) from multiple prime vendor catalogs, which are preloaded into their account. As the customer shops, the system learns and delivers exactly those catalogs of interest to the customer. Success of this initiative allows both the customer and DSCP to save time and money while increasing readiness. The 3PL web-based ordering tool plays an essential role in DSCP's efforts to raise levels of readiness, responsiveness, and sustainment throughout the Military Services. With the 3PL web-based ordering tool, productivity improvements are targeted through supply chain management.

The **DMMonline** portal allows unfettered access to all who are authorized to access the information. More than 2,600 registered customers a month access DMMonline, executing over 260,000 hits. DMMonline is protected by an information assurance tool, Commercial-Off-The-Shelf (COTS), which delivers layered security with single sign-on convenience. The portal can be conveniently accessed by the standard Military address, <http://www.dscp.dla.mil> or a commercial address, <http://www.dmmonline.com>. Having both a Military and commercial Unified Routing Label (URL) positions DSCP to utilize the growing capabilities of the web to match the needs of its medical customers with a multitude of products and services provided by its commercial trading partners.

DSCP's Clothing and Textile Directorate developed **warfighter.net** internally at a cost of \$165,000 to provide a focused logistics application for all clothing and textile items. Warfighter.net provides our customers with the ability to order uniform accessories, including special measurement clothing and boots, chaplain's supplies, tents, and many other items. It also allows order payment by either Military Standard Billing System or credit card and tracking by incorporating current state-of-the-art software features to make the site more user friendly, reliable, and secure. To maximize customers' access to the many options offered through warfighter.net, we offer an online learning page that features a comprehensive users manual as well as a wide-ranging Frequently Asked Questions section that was developed with heavy input from our customers. DSCP is in the process of a major upgrade to warfighter.net, moving to a commercial platform that will not only maintain existing

functionality, but will also add features like the shopping carts found on commercial web sites. Since it is a secure web site, it streamlines the credit card processing and enables us to accept personal credit cards from authorized DoD customers.

DeCA was developed as a joint initiative between our Subsistence Directorate and DeCA, with major benefits realized by both sides. It integrates the FFAVORS with DeCA's ADP operation at the commissaries, providing weekly item catalogs with unit pricing for all CONUS commissaries. These catalogs are unique to each PBO, enabling their DeCA customers to order from a catalog that reflects their local market availability, conditions, and prices. The electronic data flow realized with the DeCA web ordering has greatly reduced the manual workload for both the commissaries and PBOs. STORES Web, a web-based enhancement to STORES NT, has allowed DSCP to expand its customer base by entering into new markets. New customers are receptive to STORES Web, including the Coast Guard, Job Corps sites, and Native American reservations, because it is a very easy to use web portal. Implementation and training for these sites has been greatly simplified by this customer-oriented system. With STORES Web, it is no longer necessary to send trainers and installers to each new site; training can be accomplished over the telephone. STORES Web was designed with the customer in mind. It is easy to use and very customer-friendly as the screens have been streamlined and graphics limited, which makes them easier to negotiate.

(c) Describe how your organization has realized productivity improvements by implementing customer relationship management, supply chain management, enterprise resource management, or knowledge management best practices.

The DLA Procurement **Gateway** provides a one-stop shop for vendors seeking to do business with DLA. DSCP has virtually eliminated the need for vendors to search for applicable drawings and/or specifications for a particular solicitation, providing them with a quick and reliable method of acquiring all documents from its embedded systems, in order to expedite submission of their quotes. Using the Gateway has reduced the solicitation-opening period from the traditional 21 days to as little as 5 days, a more than 400 percent improvement in lead time. Submittal of quotes via the Gateway's Internet Quoting System (IQS) has automated the award evaluation process for contracting personnel. In the past, buyers were required to enter individual quotes one at a time through a buyer's desktop application, called Defense Procurement And Contracting System (DPACS) before evaluation and award could be made. With the integration of IQS to DPACS, vendor quotes are automatically entered into the appropriate solicitation screen in DPACS, making them readily available for view, evaluation, and award. The Electronic Notification System (ENS) is yet another effective enhancement to the Gateway. Vendors can establish custom profiles based on the types of solicitations they would like to receive. When ENS finds a match, it automatically emails the vendor all solicitations, amendments, awards, and award modifications that match the vendor's profile. Convenient active links to the listed documents are included in the email, so all the vendor has to do is click on them and be ready to conduct business. In addition, award notices are sent to the awardees providing them with instant retrieval of their purchase order. The vendor notification and user profile services of the Gateway are free. The end result is that procurement lead times are greatly reduced and materiel is delivered to our customers in a much more timely, cost effective manner, thereby reducing the final cost to the warfighter.

3PL is a PV support vehicle whereby supply of DLA-managed items is transferred to a third party provider, who already operates an entire or substantial portion of an existing commercial supply chain. Though DLA retains ultimate responsibility as a broker of the PV arrangement, most day-to-day supply functions for the contracted range of parts falls to the contractor. Via this PV-3PL initiative in the G&I and C&T Directorates, DSCP is implementing the ARIBA eMarketplace for Internet eCommerce support of Prime Vendor contracts. The current scope of these implementations has essentially been limited to establishing the major processes of virtual supply chain customer ordering and sourcing for G&I and hosted customer ordering for C&T. Part of the movement to full supply chain optimization includes the ability to provide total customer order management in a COTS Government to Business (G2B) application based on a full implementation of a robust eCommerce-procurement transaction engine.

DMMonline has combined supply chain management and knowledge management to leverage its buying power and obtain very favorable prices and terms from medical vendors, especially those in the pharmaceutical area. In addition, the Directorate has formed strategic partnerships with other Federal agencies, primarily the Department of Veterans Affairs, to combine their buying power in the form of National Pharmaceutical Contracts and Federal Supply Schedules. In the Vendor In-Transit Visibility (ITV) program, a vendor pulls customer electronic order information and creates an EDI bill of lading with line item level detail which is sent to DSCP for costing, then to the transportation carrier, and on to the Global Transportation Network (GTN) as a notification of shipment. The transportation carrier in turn sends EDI status information to GTN which provides the ITV with additional ad hoc and specialized query capabilities. Per the terms of the new DSCP Medical PV contracts, new vendors are creating and sending the electronic ITV information to the Defense Automated Addressing System (DAAS) for distribution to DSCP and the carrier and later to GTN. Additionally, DSCP has recently initiated the use of electronic shipment tracking and paperless eGovernment carrier payment through the use of EDI transactions, which allow both ITV and paperless carrier payment through the United States Bank's Power Track[®] (<http://www.usbank.com/powertrack/>). Its single-source information center provides instant access to shipment data for both carriers and shippers; eliminates the need for reconciling freight bills and invoices; guarantees fast, accurate payments; and provides exceptional, real-time and analytical reporting tools for better logistics management decisions. The ITV and Power Track[®] concepts are operational with Bindley Western Industries, Owens and Minor, and Emery Worldwide and are being implemented with each of the other new pharmaceuticals and medical surgical prime vendors and their transportation carriers.

The DSCP Subsistence Directorate's produce business is a textbook example of customer relationship and supply chain management. The best examples are the contacts between DeCA commissaries and DSCP at the local level. The goal is to cement a personal relationship that produces a team approach to bolstering commissary and therefore, DSCP sales. The area of DeCA promotions is the best illustration of "managing the supply chain." These promotions require coordination between the produce vendor, DSCP local PBO personnel, and the commissary managers.

The new customer-focused and innovative enhanced STORES Web eliminates both hardware costs and lengthy lead times for customer set-up in Stores NT. Since STORES Web can be accessed from any PC with Internet capability, DSCP does not need to provide special equipment. This capability allows DSCP to provide access to STORES Web almost immediately to any authorized customer who expresses interest in doing business with us and has access to the Internet. STORES Web has proven very user friendly; most customers can be trained over the telephone. STORES Web has allowed DSCP to expand the customer base by tapping markets where it is not prudent to make the investment in the STORES NT hardware suite.

Warfighter.net promotes our customer relationships by encouraging both their calls and their emails. A 1-800 number, email address, and an online user manual provide customer support. Customers frequently call for information on requisition status, returns, credit card issues or purchases, or supply discrepancy reports. In FY 01, warfighter.net added more than 1,000 new users. A conservative annual estimate for customer calls received is 15,000 along with 75,000 customer emails. Emergency requirements are also called in and fully coordinated with the Directorate's Emergency Supply Operations Center (ESOC). In FY 00, we formalized a customer feedback program on the web. In FY 01, warfighter.net received approximately 300 direct-line email feedbacks. This user-friendly customer feedback program, along with the responses, has very high visibility as it is tracked and monitored by the C&T Web team and flows through the Deputy Director of C&T. Warfighter.net serves as a front end for DLA's legacy system, SAMMS, and supports many of DSCP's supply chain initiatives. These initiatives shorten thru-put time and deliver the product to the customer sooner, usually in 7 to 10 days instead of the pre-warfighter.net timeframes of 28 to 35 days.

(d) What are the results?

DSCP's eGovernment projects offer performance gains across Agency boundaries, with simpler access to critical high quality services/materiel at reduced order processing costs, reduced logistics response times, and improved cash management. Collectively, this translates into higher fill rates, quicker delivery, and lower prices for our customers. Additionally, information sharing between Federal, state and local levels is quicker and more convenient as a result of our expanded eGovernment efforts. Results from some of our specific eGovernment initiatives are:

DLA Procurement Gateway achieved a total of \$3,084,000 in savings: \$497,000 a year for paper and mailing costs; \$952,000 a year for paper production, mailing, and distribution of award documents; \$375,000 for processing quotes; and \$1.26 million for drawing distribution and mailing. The procurement cycle process has been reduced by 75 percent since utilizing the Gateway, IQS, and ABIWeb. The myriad of paperwork due to hard copy solicitation and award documents, paper distribution of engineering drawings, and hundreds of faxed quotes delivered daily has virtually been eliminated.

EC/EDI was used to process over 97 percent of DSCP's 788,000 contract award actions and 99 percent of its 306,000 solicitation actions which represented nearly 50 percent of its \$5.8 billion in total obligations for FY 01. Electronic Invoicing by vendors reached 65 percent of the total \$3.6 billion invoiced in FY 01. 95.9 percent of Medical Directorate's

disbursements, 93.9 percent of C&T Directorate's, 99.4 percent of Subsistence Directorate's, and 95.2 percent of G&I Directorate's were handled using Electronic Funds Transfer in FY 01.

ECAT conveniently interfaces with the customer's legacy supply and accounting systems, simplifying its integration into the customer's existing business practices. At over \$2.3 million, ECAT monthly sales exceed those of its counterparts in both the Federal and commercial sectors. Web-based ordering saves DoD customers approximately 25 percent of the product and handling costs involved in obtaining items through comparable processes.

The **In-Transit Visibility** Project improves the warfighter's readiness by providing status of orders and shipments of medical, subsistence, and other commodity items as shipments move to overseas locations through the commercial and Military transportation systems.

Warfighter.net sales have grown phenomenally from \$0.3 million in FY 96 to over \$298 million in FY 01. Sales projection for FY 02 is \$330 million, with over 4,000 registered users. There are now 10 award-winning "Specialty Shops" mini-catalogs. Credit card sales gained popular acceptance, going from \$0.2 million in FY 98 to almost \$3 million in FY 01. The Government Executive's March 2001 Digital Government Supplement indicated, "warfighter.net rivals commercial web eRetailers."

STORES Web greatly enhances readiness by being available around-the-clock, around-the-world. It allows a mobile organization stationed at one base to order food for delivery while deployed at another. Once fully fielded in its enhanced form to over 500 Military and non-Military sites worldwide, the Government will save about \$8 million in PC hardware over a 10-year period as well as \$2 million in travel and other implementation costs.

In conclusion, DSCP can serve as a role model on all of the DSCP eGovernment initiatives for other Federal Government organizations. In FY 01, DSCP provided goods and services with a combined sales value that was approximately 50 percent higher than in FY 98 (refer to chart below), an increase that surpassed inflation for the same period. We believe the reason is that more customers have come to see DSCP as their "Provider of Choice" due to our eGovernment initiatives that have enabled us to deliver products and services faster than ever before. Our customers are truly satisfied and the proof is in their return to purchase more and more goods and services. Buying more drives down prices by compelling vendors to offer higher levels of service and discounts, which in turn, increases business. Aggregate sales, therefore, is a solid measurement of the value of DSCP "being customer-focused" through eGovernment technology, and a leading indicator of our future success, as we continue to travel down the Internet super highway.

