



DLA's Privatization Of Industrial Compressed and Liquefied Gases and Cylinders

**CMS Forum Workshop
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About Haas TCM

Employees: ~ 400

Gross Revenues: ~\$235 million(2007) and \$325 million (F2008)

Facilities Served: 250

Enterprise-Wide Clients: 7

Countries: - Argentina, Brazil, Canada, China, France, Ireland, Italy, Israel, Mexico, Netherlands, Poland, Romania, Turkey, UK, and USA

Hub Facilities: 21 locations around the world

Corporate Headquarters: West Chester, PA, USA

Europe Operations: Hampshire, UK

IT/Data Center: Austin, TX, USA



Haas TCM: is a company *totally* dedicated to Chemical Management

Customers

Customer End Markets

Haas serves a broad list of blue chip customers in a wide array of industries

Aerospace & Defense OEM



Aircraft MRO



Automotive & Truck OEM



Electronics



Energy & Utilities



Ethanol



Food & Beverage



Government & Research



Manufacturing



The DLA Gases Contract

- **Contracting Authority: Defense Supply Center Richmond (DSCR)**
- **Agreement Term: 5 years + 5-year option**
 - ✓ **Start Date: 4/27/2007**
- **Maximum contract value: \$2,000,000,000 over 10 yr.**
- **Schedule – Major Milestones**
 - **Dec 2007: Assume responsibility for all items being warehoused and distributed from DSCR (85% of total items)**
 - **June 2008: Assume responsibility for all items being distributed at other Defense Depots in the U.S.**
 - **June 2010: Begin direct deliveries to bases Outside the Continental U.S. (OCONUS)**

Program Goals, Scope and Services

Program Goals

- Improve Govt. fill rates (ability to deliver on schedule) and response times
- Remove material inventory from DLA depots
- Streamline the supply chain
 - Higher availability
 - Lower total cost of ownership

Contract Scope

- Integrated support to all of DLA's customers for designated compressed gases and related hardware.
- 136 different gases
 - 161 associated hard-goods (cylinders, valves)
 - Will serve over 200 locations in the U.S.
 - Includes worldwide support, through customer direct shipments.

Services Scope

- Demand planning/forecasting;
- Electronic order processing;
- Procurement and quality control;
- Storage and inventory management;
- Packaging, labeling, RFID tagging;
- Distribution, delivery and pickup;
- Maintenance of gov't cylinder pool;
- Data management;
- Customer service.

Maintenance of Cylinder Pool

- All cylinders owned by the 'govt.
 - Managed as government furnished property (GFP)
 - Unknown number in circulation
- Collection of empty cylinders
- Accounting for GFP
 - Tracking of cylinder inventory
- Cylinder refurbishment:
 - Testing
 - Major and minor refurb
 - Disposal

Challenges in Bidding

- Accuracy of Gov't Data;
- Infrastructure for JIT Delivery of Gas Cylinders - most orders filled in one day;
- Product pricing in out years;
- Highly technical specifications:
 - Products and testing
 - Packaging/marketing/labeling
- Supplier base for gases filled in GFP

Implementation Challenges

- IT Systems Interoperability (DLA currently implementing new ERP system);
- OCONUS Work Processes for Hazmat;
- Demand Forecasting, in Wartime;
- Transfer of depot stock with no service interruption;
- Distribution network for JIT delivery;

Lessons Learned

- Many government business issues same as industry:
 - Data accuracy and availability
 - Electronic systems interoperability
 - Reliability of demand forecast
 - JIT delivery needs
 - Intense focus on EHS
- Several issues different:
 - Mil-spec versus commercial specs
 - Cylinder (GFP) tracking responsibilities