



# AIP Concept



- AIP rides on top of 463L
- Consumable/Expendable Item
- Austere locations
- AIP removed at APOD
  - Reduces 463L loss/damage
  - Keeps 463L in DTS
- Seamlessly intermodal from surface-to-air-to-surface

- Dimensions: 82x102x8 inches
- Four-way forklift capability
- Rated load: 6,000 pounds
- Weight: ~200 pounds
- RFID slot – remains with AIP to destination





# *Recommendations*

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- AIP acquisition should not be pursued as a 463-L loss mitigator
- Pursue improved 463-L pallet management
- **Joint Community re-visit and evaluate other potential AIP uses**

**Who owns the requirement? Who does DOTMLPF review?  
Who buys? Who pays?**



# *Way Ahead*

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- Brief JIWG and DSG
- Update SAF/FMBL and other parties
- **Pursue potential Joint Capability from AIP**
- Improve pallet management and accountability
  - AMC/A4T convene RIE
  - TRANSCOM amend DTR policy and tighten controls



# *Potential AIP Uses*

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- **First 90 days of DLA DDSP/DDSJ austere theater sustainment**
  - **Immature theater infrastructure/processes exacerbates pallet losses**
  
- **Containerization consolidation/breakdown**
  - **Theater transload between commercial and government containers**
  - **Loading at origin/unloading at destination**
  
- **Prepositioned WRM Assets**
  - **AIP palletization facilitates multi modal movement**



## ***Potential AIP Uses (cont)***

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- **Support for specific material movement requirement (e.g., up-armor kits)**
  - **Support kit building at contractor facility**
  - **Facilitate movement through distribution pipeline**
  
- **Iraqi Air Force**
  - **Logistics enabler for aircraft without 463-L roller system**
  
- **Humanitarian Relief Operations**
  - **Facilitate loading/unloading**
  - **Reduce loss of pallets at austere locations**



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*Questions ?*

# ***Headquarters U.S. Air Force***

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*Integrity - Service - Excellence*

## **Associate Intermodal Platform (AIP)**



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**Chief, Distribution Branch**  
**Supply Chain Management Division**  
**(AF/A4RM)**



# Outline

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- **Setting the Stage – AIP Concept & Background**
- **AIP Business Case Analysis**
  - **Objective**
  - **Original/Updated Results**
  - **Conclusions**
- **463-L Pallet Management**
- **Potential AIP uses**
- **Recommendations**
- **Way Ahead**



# ***AIP Background***

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- **Oct 2003: Pure Pallet Initiative begins at DLA depots**
- **TRANSCOM begins development of an AIP Concept**
- **Sep 2005: First AIP prototype delivered to TRANSCOM**
- **Apr - Sep 2006: DLA/AMC Pilot Demonstration**
- **Sep 2006: LMI BCA completed**
  - **Identifies potential savings using AIP as a 463-L loss mitigator**
- **Oct 2006-Sep 2007: USTC and Services address CONOPS, requirements, and implementation**
- **Oct 2007: USAF hosts AIP working group meeting**
  - **No organic Service/DLA requirements identified**
- **Jan 2008: DSG assigns AIP oversight to JIWG**
  - **JIWG designates AF as lead for AIP BCA requirement review**
- **AF updates AIP BCA & reviews pallet mgt processes/ opportunities**
  - **In concert with ongoing AFAA pallet management audit**



# ***BCA Analysis Objective***

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**Determine viability of AIP implementation as a cost effective means to reduce 463-L pallet losses**



# ***BCA Analysis Updates to the Model***

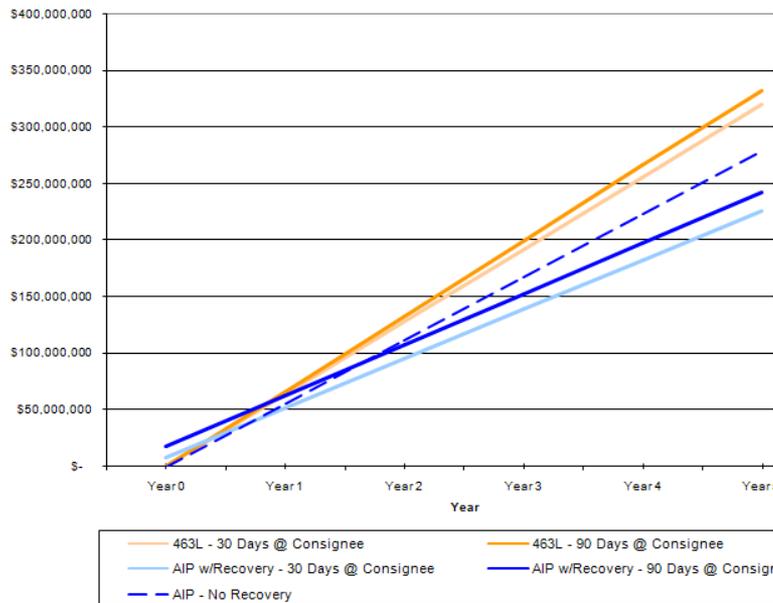
<b>Original BCA</b>		<b>Updated BCA</b>	
<b>463L Purchase</b>	<b>\$1,761</b>	<b>463L Purchase</b>	<b>\$1,865</b>
<b>463L Repair</b>	<b>\$935</b>	<b>463L Repair</b>	<b>\$540</b>
<b>AIP Purchase</b>	<b>\$705</b>	<b>AIP Purchase</b>	<b>\$826</b>
<b>AIP Movement Cost</b>	<b>\$0</b>	<b>AIP Movement Cost</b>	<b>\$993</b>

- **AIP & 463-L pallet costs adjusted for inflation**
  - **AIP procurement cost adjusted for 23% increased raw material cost**
  - **AIP net was adjusted for inflation increases**
  - **463-L pallet procurement/repair adjusted for inflation**
- **463-L pallet maintenance cost split between depot & field level repair**
- **There are movement costs associated with AIPs**

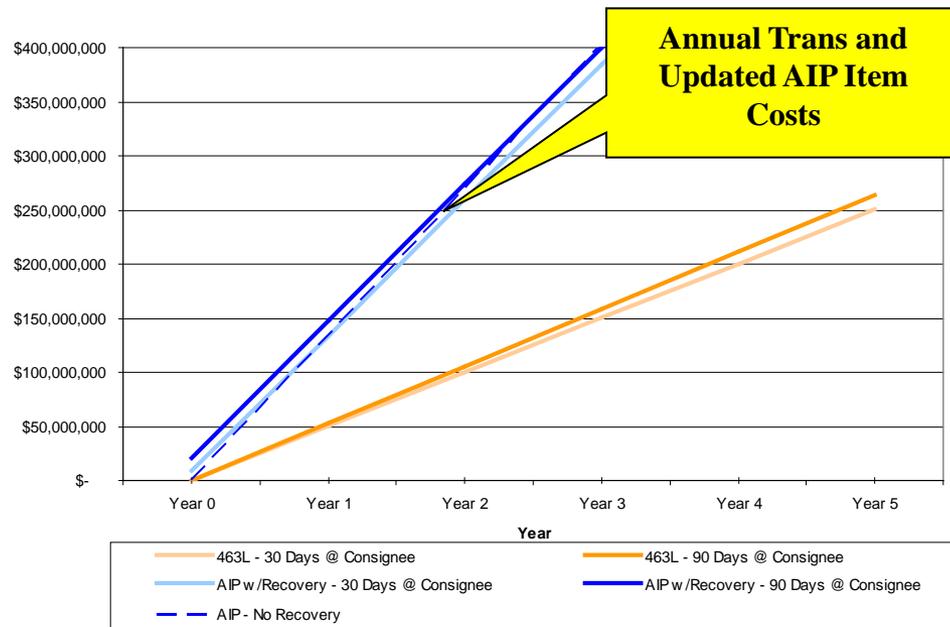


# Original vs. Updated – Comparison AIP Costs at 12 Percent Loss

## Original



## Updated



- Original BCA projected cumulative 5 year savings of \$90M to \$94M
- Updated model projects a 5 year cumulative funding shortfall of \$383M to \$388M



# ***BCA Analysis Additional Factors***

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- **Pure pallet AIP increases aviation fuel consumption by approx 35M pounds annually**
  - **Runs counter to efforts to optimize fuel usage by lightening aircraft load factors**
- **463-L pallet Funding**
  - **Original assumption – AF has primary responsibility for AIP decision as it funds 463L pallet procurement & repair**
  - **Actual – 463L pallets funded by TWCF/ Supp appn/ AF**
    - **Depot repair: 68% - TWCF / 32% - AF O&M**
    - **Field repair: 100% supplemental appropriation**
    - **Procurement: FY01-07: \$101M supp appn / \$5M AF O&M**
  - **Updated assumption - Decision to fund and field AIP will impact budgets of all Defense Transportation System users**



# Conclusions

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- **When all costs and factors are considered, AIP does not offer hoped for savings**
- **AIP acquisition should not be pursued as a 463-L loss mitigator**
- **Improved 463-L pallet return and pallet repair rates offers best opportunities for 463-L loss mitigation/cost reduction**
- **BCA did not evaluate other potential uses of AIP**



# ***463L Pallet Management***

- **Air Force Audit Agency (AFAA) evaluating pallet management effectiveness**
  - **AFAA visited AF sites only**
- **Preliminary audit results**
  - **Pallet requirement process not effectively managed; buy/repair requirements overstated by \$330M**
  - **463-L Managers did not ensure adequate accountability**
  - **463-L managers did not provide sufficient oversight to assure retrograde effectiveness**
- **Potential actions:**
  - **Implement standard tool for reporting authorizations and on-hand assets**
  - **Joint Service rapid improvement event on pallet management procedures**
  - **Work with USTC to amend the DTR**
  - **Evaluate decentralized funding strategies to enhance sense of ownership**
- **All actions are tentative pending final audit report**

**Pallet management process needs improvement – Opportunities abound...**