

# The U.S. Department of Defense Supply Chain and the 4th industrial revolution

Govini

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Expériences alliées

**The success of national security missions depends on the ability of the U.S. Department of Defense (DoD) to manage and monitor its complex supply chain. The technologies deployed to manage the defence supply chain are changing as Defence adopts capabilities that integrate the digital and physical domains.**

suggested translation :

The DOD leverages key technologies of the fourth industrial revolution, including computing, configurable systems, cognitive engineering and supply chain monitoring.

Govini's DOD Supply Chain Technology Taxonomy categorizes and measures how DOD integrates both IT support efforts and enabling technologies into its portfolio.s portfolio, and how these investments shape its approach to monitoring and managing the defence supply chain.

This analytical report explores the trends and landscape of the \$23 billion annual DOD supply chain technology market. It includes a proprietary data set of unclassified major federal government contract obligations from FY14 to FY17 and is organized according to a clear taxonomy.

This taxonomized structure was determined by algorithmically examining multiple datasets, current and past priorities of the Department of Foreign Affairs and International Trade (DFAIT) and the Department of National Defence (DND).s current and past IT modernization priorities, the Government Technology Modernization Act (GTMA), and the Government Accountability Office's supply chain risk studies.

## Key Findings

- Federal contractual obligations for STR supply chain technology totalled \$79.2 billion from FY14 to FY17 and collectively increased to a CAGR of 5.6% over the same period.
- Technologies enabled by Artificial Intelligence (AI), the Internet of Things (ITO) and cloud computing capabilities are revolutionizing Defence's approach to supply chain monitoring and management.
- Supply chain surveillance capabilities lie at the intersection of the digital, cognitive and physical domains, and Defence investments in emerging technologies will enable the Department to generate real-time tracking and analysis of assets.
- The DOD is rapidly integrating software-based sensor-based enterprise resource planning (ERP) supply chain technology to monitor the defence supply chain at scale and move away from traditional approaches to managing its supply chain.
- 73.1% of the STR's supply chain technology obligations were dedicated to supporting enterprise systems and day-to-day IT operations, while the remaining 26.9% was used to acquire key emerging technologies that enabled these new approaches to supply chain monitoring.
- The STR continues to maintain its legacy IT systems while simultaneously developing new data-driven systems.
- Defence agencies and the GSA have contracted a significant portion of the DOD's IT support contracts, but investment in emerging technologies is decentralized across the military services.
- DLA is the central agency responsible for the management of the defence supply chain and a significant portion of its IT portfolio, placing the agency in a unique position to influence how DOD uses emerging technologies to monitor and manage its supply chain.
- Defence used strategic contracting vehicles for 44.9 percent. The Department of Defence has used strategic contracting vehicles for 44.9% of its IT obligations each year and will have difficulty increasing its strategic sourcing capabilities despite its mandate to do so.

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**Title :** Govini  
**Author (s) :** Govini  
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