



MOD LEAN SUPPORT PROGRAMME »»

DELIVERING SAVINGS OF OVER £377 MILLION



The Defence Logistics Organisation (DLO) is responsible for keeping the Armed Forces fully equipped and ready to act at any time, in war or peace. It manages an asset base of £15 billion and has a resource allocation of about £9 billion – a figure that puts it in the same bracket as FTSE 100 companies.

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The challenge

The DLO is organised into around 60 integrated project teams, each responsible for the complete provision and support of a type of equipment (for example, engines) or a platform (for example, Tornado aircraft).

On formation in 2000 the DLO set itself a goal of a 20% reduction in output costs by March 2006. This represented a £1.8 billion saving annually and contributed towards the targets placed upon the MoD as part of the Gershon Review of Public Sector Efficiency in 2004.

The solution

In August 2002, the Lean Support Team was established, comprising 104 staff from across the Ministry of Defence (MOD), civilian specialists, and a team from Atos Origin. The team focused on introducing new strategies, tools and techniques, based on commercial practice and tailored for the support chain in a defence environment. In particular, they built a clear understanding of support chain costs, enabling the DLO to see the end to end support chain and gain a much clearer view of the lifecycle of equipment.

This was a ground-breaking project – both for the DLO and Atos Origin. For the first time, tools developed in the commercial world and in the supply chain were brought into the Defence sector. One example of innovation is the Support Options Matrix, which articulates how and why elements of a military support chain can be outsourced.

This is now central to DLO strategy and has been enthusiastically received by industry. Success depended on getting industry to cut costs, change contractual requirements, and introduce the concept of lean support into their operations.

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To build capabilities within the DLO, Atos Origin helped to recruit new Support Solutions Specialists from across industry and the MoD, and designed a comprehensive training and skills transfer programme. This comprised coaching and mentoring from Atos Origin and a modular course of study leading to an MSc, delivered by the University of Warwick.

Benefits delivered

The Lean Support Team delivered cash savings of £377 million, exceeding its original target 13 months early. Additional operating savings of £365 million have been delivered since the programme started, representing a return on investment in excess of 30-1.

Working with teams across the MOD and industry, the team has pioneered the use of commercial supply chain practices in the Defence support chain. Innovative tools and techniques and the concepts of 'lean support' have enabled the DLO to improve decisionmaking and deliver significant savings to the taxpayer. The Front Line has also benefited from better equipment availability.

By developing excellence in its own capability to deliver this work, the DLO is now well positioned to meet the ongoing challenges set by the Government's modernisation agenda.

Client satisfaction

"The joint MOD/Atos Origin team has been an outstandingly successful part of the Defence Logistics Transformation programme, both in delivering the benefits we need and building the capability that will sustain them in-house.

I was delighted to hear that the team has been selected for a Minister (Defence Procurement) Smart Acquisition Team Award. Well done to the team."

General Sir Kevin O'Donoghue, KCB CBE
Chief of Defence Logistics

About Atos Origin

Atos Origin is an international information technology services company. Its business is turning client vision into results through the application of consulting, systems integration and managed operations.

The company's annual revenues are EUR 5.5 billion and it employs over 47,000 people in 40 countries. Atos Origin is the Worldwide Information Technology Partner for the Olympic Games and has a client base of international blue-chip companies across all sectors. Atos Origin is quoted on the Paris Eurolist Market and trades as Atos Origin, Atos Euronext Market Solutions, Atos Worldline and Atos Consulting™.