

United States Transportation Command



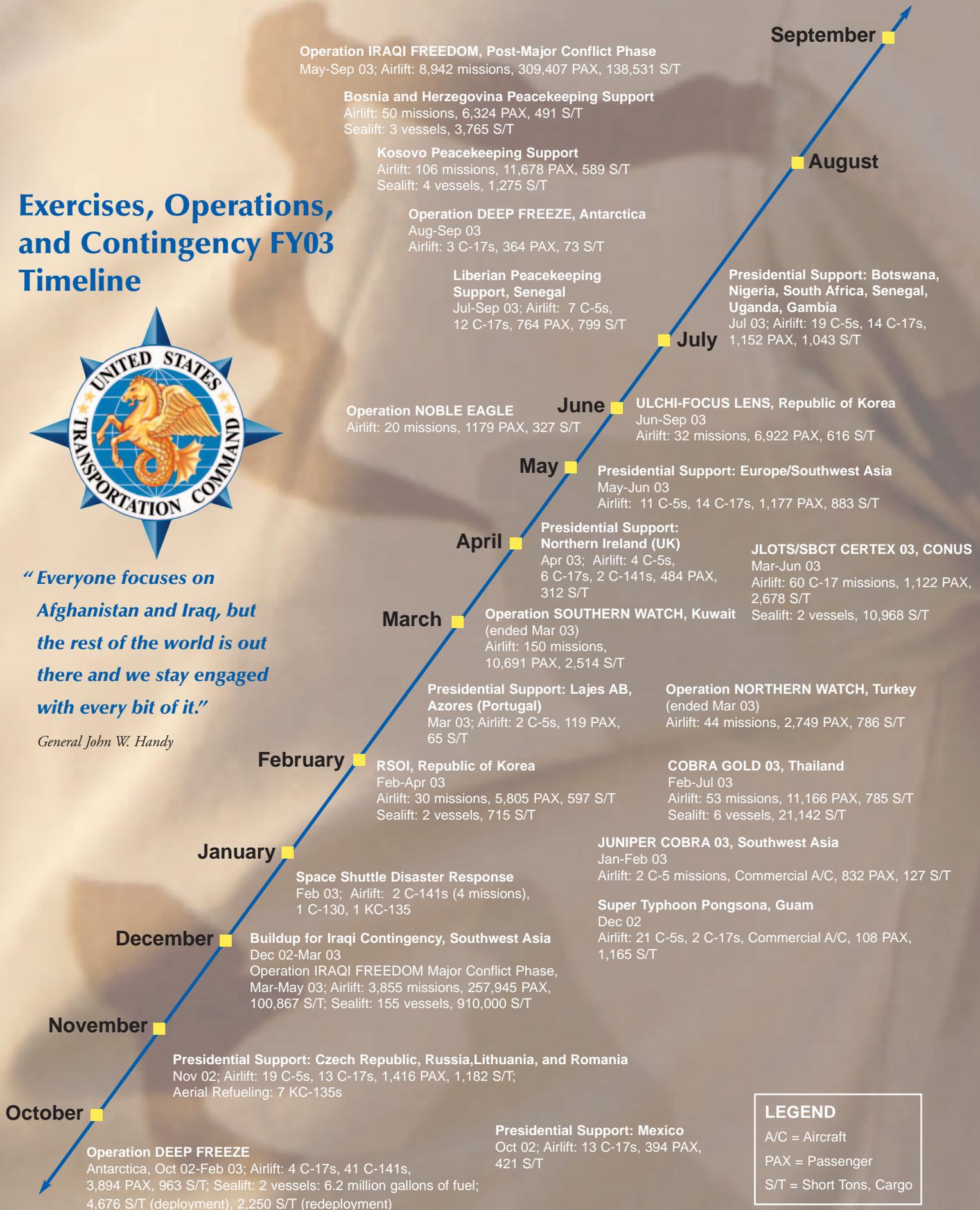
**2003
Annual Command Report**

Exercises, Operations, and Contingency FY03 Timeline



“Everyone focuses on Afghanistan and Iraq, but the rest of the world is out there and we stay engaged with every bit of it.”

General John W. Handy



LEGEND

- A/C = Aircraft
- PAX = Passenger
- S/T = Short Tons, Cargo

Commander's Statement

America's Warfighting Pipeline — Responsive, Decisive, Incomparable

United States Transportation Command's ability to project and sustain military forces and equipment anywhere in the world with overwhelming speed and efficiency is unmatched, and ensures America's ability to influence events on a global scale in support of the National Security Strategy. Through superb collaboration and coordination, our component commands – Air Mobility Command, Military Sealift Command, and Military Traffic Management Command (renamed Military Surface Deployment and Distribution Command in 2004) – consistently deliver the right people and equipment, in the proper sequence, to the exact place, at the precise moment.

Our talented team of military, civilian, and commercial partner professionals are the best our nation has to offer. While directing, scheduling, or operating the Defense Transportation System's planes, trains, trucks, and ships, these miracle workers achieved outstanding operational results in the recent Operations ENDURING FREEDOM and IRAQI FREEDOM conflicts – moving almost three million tons of cargo and more than one million troops from Sep 2001 to date. Our current processes and capabilities are the world's gold standard for logistics and transportation – and we are not resting on our laurels.

We have implemented dramatic organizational changes at the headquarters and component levels and on 16 Sep 2003, the Secretary of Defense designated United States Transportation Command (USTRANSCOM) as Distribution Process Owner (DPO) for Department of Defense (DOD). As DPO, USTRANSCOM is tasked with integrating peace and wartime logistics into one seamless, synchronized process. This designation provides flexible, reliable, responsive support to the warfighter – from factory to foxhole. The DPO serves as the single entity to direct and supervise the execution of the strategic distribution system. We are not attacking this alone. Success hinges on the collaborative efforts involving the Services, combatant commands, and logistics partners.

USTRANSCOM will continue to provide the most effective mobility capability the world has ever seen and will carry into the future a transformed distribution network with an extensive information technology backbone. You can rest assured that USTRANSCOM's clear vision, resolute determination, and talented professionals will ensure seamless and responsive support to the warfighters. America's military might moves with us...and we are stepping out smartly.



*General John W. Handy
Commander, United States
Transportation Command*

A handwritten signature in black ink that reads "John W. Handy". The signature is written in a cursive, flowing style.

John W. Handy
General, USAF
Commander

Defense Transportation System

Our Mission

“To provide air, land, and sea transportation for the DOD, both in time of peace and time of war.”

*USTRANSCOM
Mission Statement*

When the unified commands, Services, or other government agencies require strategic transportation, they rely on USTRANSCOM. The command provides the synchronized transportation, distribution, and sustainment that enables projecting and maintaining national power where needed. The Defense Transportation System provides the greatest speed and agility, with the highest efficiency, and the most reliable level of trust and accuracy. As the single manager for the Defense Transportation System, USTRANSCOM executes missions through three component commands: the Air Force’s Air Mobility Command (AMC), the Navy’s Military Sealift Command (MSC), and the Army’s Military Traffic Management Command (MTMC).



Air Mobility Command

“Provide airlift, air refueling, special air mission, and aeromedical evacuation for U.S. Forces.”

AMC Mission Statement

AMC provides common-user and exclusive-use airlift, aerial refueling, and aeromedical evacuation transportation services to deploy, employ, sustain, and redeploy U.S. forces worldwide. AMC enables the “global” in the Air Force’s “global vigilance, reach, and power,” by providing exceptional support to the warfighter.

The Global War on Terrorism significantly increased demand for airlift. Scheduled airlift missions (channel passenger and channel cargo) moved 97,000 passengers and 695 million ton miles of cargo during fiscal year 2003. Charter airlift requirements (Special Assignment Airlift Missions and contingency) more than doubled from the President’s Budget. In addition, AMC’s military aircraft overflew their Transportation Working Capital Fund flying hour program by 123,000 hours.

Military Sealift Command



MSC provides ocean transportation to support the USTRANSCOM mission, both in time of peace and time of war. It provides both common-user, strategic sealift capability and theater-specific prepositioned support through four distinct business areas (Tanker Operations, Dry Cargo, Strategic Surge, and Afloat Prepositioned Force) to deliver mobility forces and assets in force structure packages designed to seamlessly transition from peace to war.

“Provide ocean transportation of equipment, fuel, supplies, and ammunition to sustain U.S. Forces worldwide during peacetime and in war, as long as operational requirements dictate.”

MSC Mission Statement

Since the war on terrorism began more than two years ago, the MSC team has provided vital ocean survey and instrumentation information to the warfighters, in addition to pumping 261 million gallons of fuel and delivering 95,000 tons of ammunition and 23 million square feet of vehicles, aircraft, and rolling stock to U.S. forces in ports throughout the Middle East and the world. The delivery of cargo, ammunition, and supplies was accomplished by MSC-controlled ships assigned to USTRANSCOM business as part of MSC’s role in supporting the warfighting commanders.

Military Traffic Management Command

MTMC provides surface distribution services for the warfighter worldwide and around the clock. Services MTMC delivers include Surface Distribution Operations, Sea Port Operations and Management, and Deployment Engineering. MTMC also provides services for passenger movement, personal property, and privately owned vehicle shipments.

“Provide global surface deployment command & control and distribution operations to meet national security objectives in peace and war.”

MTMC Mission Statement

MTMC continued support to the Global War on Terrorism in fiscal year 2003. Port Operations and Liner Ocean Transportation both grew as the command delivered capabilities and sustainment to warfighters worldwide. The Port Operations business area nearly quadrupled over the preceding year. The command’s Liner Ocean Transportation business area experienced nearly 50 percent growth in fiscal year 2003. It provides worldwide ocean movement of Department of Defense (DOD) cargo by scheduled commercial ocean carrier service.

MTMC support to Operation IRAQI FREEDOM included loading 1.6 million tons of equipment and cargo. That includes 28 million square feet of cargo, enough to cover 373 football fields. MTMC managed the distribution of 21,251 containers, which, if placed end-to-end would stretch 233 miles or the driving distance from Washington, DC to New York, NY. The cargo included 45.8 million meals, enough to feed everyone in New York City for two days.



Defense Transportation System

Our Commercial Partners

Our commercial partners were invaluable in support of the day-to-day peacetime workload, as well as the direct support of Operations ENDURING FREEDOM and IRAQI FREEDOM. USTRANSCOM would have a difficult time meeting its wartime requirements without its unique partnerships with civilian industry. In fact, the backbone of our nation's lift capacity lies in its commercial fleets. We use business incentives to create wartime capacity, ensure readiness within the civilian sector, and exercise frequently used procedures for fluid transition to support contingencies.

Civil Reserve Air Fleet

The Civil Reserve Air Fleet is a voluntary partnership between the DOD and commercial air carriers designed to provide the Defense Department with access to commercial aircraft to augment military airlift during times of crisis. The airlines contractually pledge aircraft for activation when needed. To provide incentives for air carriers to commit aircraft to the program and to assure the United States of adequate airlift reserves, AMC makes peacetime airlift business available to airlines.

Three stages of incremental activation allow for tailoring an airlift force suitable for the contingency at hand. Stage 1 is for minor regional crises; Stage 2 would be used for major theater war; and Stage 3 for periods of national mobilization.

The Civil Reserve Air Fleet provides 90 percent of the command's long-range passenger capability and nearly 40 percent of its long-range air cargo capability without the prohibitive procurement cost and maintenance expense associated with a wholly organic airlift fleet. In addition, the organic lift assets USTRANSCOM does possess are freed for militarily unique missions involving rapid response, outsized cargo, and combat operations.



Voluntary Intermodal Sealift Agreement



The Voluntary Intermodal Sealift Agreement, through its contingency contracts, provides the DOD with assured access to militarily useful, U.S.-flagged dry cargo sealift capacity, mariners, the global infrastructure, and the intermodal capability required to augment organic sealift capabilities during conflict. The agreement allows the DOD to use ships and shore-based transportation systems of ocean shipping companies, which, in turn, receive priority when competing for peacetime defense sealift cargo movement contracts. All major U.S.-flagged carriers are in the Voluntary Intermodal Sealift

Agreement. Of the total U.S.-flagged dry cargo fleet, 95 percent are enrolled, providing roll-on/roll-off ships, lighter aboard ship vessels, combination roll-on/roll-off and container ships, breakbulk ships, and seagoing tugs and barges.

Because of the agreement, commercial transportation companies are an integral part of the military contingency planning process. Since USTRANSCOM works with a wide array of commercial assets, services, and systems, it must continually grow the partnership with industry to operate current technology, anticipate trends, and develop future capabilities.

National Port Readiness Network

Through coordination and cooperation among its members, the National Port Readiness Network ensures military and commercial port readiness for deployment of military personnel and cargo in the event of mobilization or a national defense contingency. The network consists of nine agencies: USTRANSCOM, MSC, MTMC, U.S. Joint Forces Command, U.S. Army Corps of Engineers, U.S. Forces Command, Maritime Defense Zone, Maritime Administration, and U.S. Coast Guard.

Summary

USTRANSCOM's task is to link the pieces to form a seamless transportation system. This effort has no value if it does not support the needs of customers.

USTRANSCOM must be able to deliver the right item, at the right time, to the right place, at the lowest effective cost, while accurately tracking where that item is at any point in the distribution process.



Defense Transportation System

Our Customers

“ We need to have our fingers on the pulse of our customer and their requirements... providing warfighting customers more cost-effective and innovative operational solutions.”

*Vice Admiral
David L. Brewer III*

The nature of USTRANSCOM’s peace and wartime mission is driven by the number and variety of its customers. Each customer has unique requirements. For example, the Combatant Commanders maintain a focus on readiness and quick response, while the Military Exchange Services want consistent, reliable, and cost-effective service. Therefore, a one-size-fits-all Defense Transportation System is not possible.

USTRANSCOM’S Customers

- Joint Chiefs of Staff
- Unified Combatant Commands
- Military Services (i.e., U.S. Army, U.S. Navy, U.S. Marine Corps, U.S. Air Force)
- Defense Logistics Agency
- Exchange Services (i.e., Army and Air Force Exchange Service and Navy Exchange Service Command)
- Defense Commissary Agency
- Military Postal Service
- Department of State
- Federal Agencies (i.e., Central Intelligence Agency, Federal Emergency Management Agency)
- United Nations
- North Atlantic Treaty Organization
- Defense Threat Reduction Agency

“ Getting there early, fast, and with the most is vital to any war planner or commander.”

*Major General
Carlos D. Pair*



Our Rates

The Transportation Component Commands develop and propose Transportation Working Capital Fund rates to use in charging customers. The Office of the Under Secretary of Defense (Comptroller) approves and issues composite rate changes through Program Budget Decisions. Application of composite rate changes is in the aggregate and will not always reflect actual rate increases or decreases for individual routes and commodities. Once the Office of the Under Secretary of Defense (Comptroller) approves the rates, they remain fixed during the year of execution and are unchangeable. This stabilized rate policy protects appropriated fund customers from unforeseen cost changes and thereby enables customers to more accurately plan and budget for Defense Transportation System support requirements. This policy also reduces disruptive fluctuations in planned Transportation Working Capital Fund workload levels and permits better use of the Defense Transportation System resources. Accurate workload forecasts and projected costs are imperative for the fiscal health of the Transportation Working Capital Fund since they are the foundation of financial assumptions in rate setting and budget development. Rates for each Transportation Working Capital Fund business area recover all operating costs associated with the service provided. The operating costs include direct costs (i.e., contract carrier cost, stevedores, material, fuel, direct labor), indirect costs (i.e., supervisory costs), and overhead costs (i.e., headquarters general/administrative costs).



Performance

Operations ENDURING FREEDOM and IRAQI FREEDOM

As fiscal year 2003 was the “year of Iraq,” Operation ENDURING FREEDOM, one of the most dominant U.S. military operations in history, remained a major priority for the nation and the command. In addition, Operation IRAQI FREEDOM became a major conflict on 19 Mar 2003. The outbreak of hostilities occurred after USTRANSCOM had completed months of planning and weeks of major deployments that began Dec 2002.

Strategy Upheld: Employing Sealift First

With the cooperation of USCENTCOM’s leadership, the number one priority was on striking a better balance between airlift and sealift mobility operations. For reasons of economy and scarce organic airlift, planners were eager to avoid the reliance on airlift that characterized the initial phase of Operation ENDURING FREEDOM in 2001. During 2003, USTRANSCOM planners were able to uphold the strategy of selecting sealift over airlift whenever possible to support Iraqi operations.

The total sealift tonnage surpassed the tonnage airlifted to Southwest Asia for Operation IRAQI FREEDOM by nine times, a ratio that resembled

Operations DESERT SHIELD and DESERT STORM in 1990-91 when 85 percent of dry cargo moved by sea. By relying more on sealift, USCENTCOM and USTRANSCOM took advantage of the sealift fleet that was expanded and modernized since 1991.

“Over 90 percent of the military cargo to support Operation IRAQI FREEDOM was delivered via MSC ships.”

*Vice Admiral
David L. Brewer III*

SEALIFT SUPPORT	
Vessels	374
Cargo (<i>short tons</i>)	4,190,336

Air Mobility Achievements

Although a majority of this year’s mobility was carried out by sealift, the success of Operations ENDURING FREEDOM and IRAQI FREEDOM was not possible without the tremendous airlift support. AMC C-17s facilitated the entry of U.S. forces into Northern Iraq to bolster anti-Saddam Kurdish forces. On the night of 26 Mar 2003,

AIRLIFT SUPPORT	
Missions	11,933
Passengers	630,915
Cargo (<i>short tons</i>)	372,184

C-17s successfully airdropped 1,000 paratroops from the U.S. Army’s 173rd Airborne Brigade into Northern Iraq in the largest airdrop since Operation JUST CAUSE in Panama in Dec 1989. Subsequently, C-17s executed a larger movement over five evenings. This movement involved C-17 crews flying 62 missions from Italy to airfields in Northern Iraq to deploy 2,000 troops, over 400 vehicles, and 3,000 short tons of cargo.



AERIAL REFUELING SUPPORT

Refueling Missions	3,696
Flying Hours	42,768
Sorties	over 9,000
Receiver Contacts	over 40,000
Fuel Offloaded (<i>pounds</i>)	3,700,000

Air refueling also played a significant role by extending the range of airlift missions and the effective combat time to combat missions. AMC tanker crews completed 3,696 refueling missions for Operations ENDURING FREEDOM and IRAQI FREEDOM during fiscal year 2003 supporting both strategic airlift and the coalition air campaign over Iraq.

Commercial Partners

Participation by commercial maritime and passenger airline contractors gave AMC and MSC a vital edge in moving forces and equipment critical to the efforts to remove Saddam Hussein. Charter aircraft moved 78 percent of deploying troops during the pre-conflict phase and 85 percent of deploying troops during the major conflict phase.

Similarly, MSC's active ship inventory jumped from a "normal" 120 ships to a peak of 214. Of 167 vessels supporting Operation IRAQI FREEDOM during the major conflict phase, 141 (84 percent) were crewed by merchant mariners employed by commercial companies under contract to MSC.

The level of effort demonstrated by commercial carriers made a significant difference in getting people and their equipment to the fight.

CRAF SUPPORT

	8 Feb through 18 Jun 2003
Passenger Aircraft	51
Commercial Companies (<i>CRAF Partners</i>)	11
Troops Carried	254,000
Cargo (<i>short tons</i>)	86,100
CRAF Missions	1,625

Performance

USTRANSCOM's Transportation Working Capital Fund

USTRANSCOM Transportation Working Capital Fund ended fiscal year 2003 with increased costs and revenue as a result of the Global War on Terrorism that included Operations ENDURING FREEDOM and IRAQI FREEDOM workload. This additional workload from the Global War on Terrorism resulted in a more favorable net operating result than planned as costs decreased at a higher rate than revenue resulting in a profit.

NET OPERATING RESULT			
	Actual FY03	Planned FY03	Variance FY03
Revenue	\$8,984.8	\$5,678.9	\$3,305.9
Expense	\$8,055.8	\$5,705.7	\$2,350.1
NOR	\$929.0	(\$26.8)	\$955.8

(Dollars in Millions)

Fiscal year 2003 revenue of \$8,985M surpassed fiscal year 2002 revenue by \$2,657M making fiscal year 2003 USTRANSCOM's highest revenue year in history. The \$8,985M in revenue would place USTRANSCOM 205th on the Fortune 500 companies in the United States, up from 289th a year ago.

Volume 2B of the DOD Financial Management Regulation requires that we maintain a minimum cash balance of ten days of operating disbursements and six months of capital disbursements. With an approximate doubling of workload and higher revenue, we ended the fiscal year with more cash than planned. Normal DOD procedures dictate that we return excessive cash to the customer in the next budget year (i.e., fiscal year 2005). However, we are working with the Office of the Under Secretary of Defense (Comptroller) on a method to return resources to customers in fiscal year 2004.

During fiscal year 2003, USTRANSCOM worked a significant number of initiatives to improve financial visibility, accuracy, and timeliness for decision makers.

Effective 22 Nov 2002, MTMC replaced its legacy Financial Management System with Oracle Federal Financial applications. The Transportation Financial Management System-MTMC is a commercial off-the-shelf program. This program is certified as Chief Financial Officer compliant. The Cargo and Billing System was also implemented 22 Nov 2002, which consolidated several legacy feeder systems and supports MTMC's cargo accounting and billing process. The Cargo and Billing System improved the accuracy of data submitted to Transportation Financial Management System-MTMC and allowed customers to review their bills using the Internet.

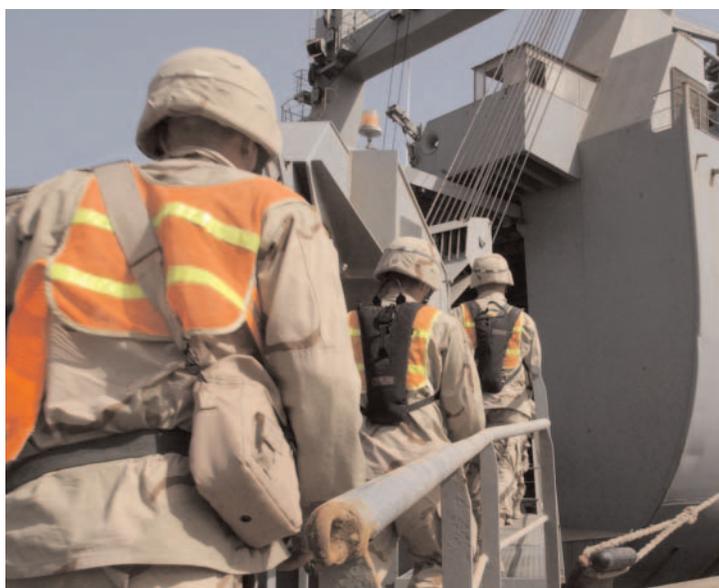
USTRANSCOM, Defense Finance and Accounting Service, and Secretary of the Air Force Financial Management officials jointly evaluated and recommended changes to AMC's antiquated accounting systems. The official accounting system for AMC is the Air Force's General Accounting and Finance System and the Airlift Services Industrial Fund Integrated Computer System. These systems are not compliant with the Chief Financial Officer Act of 1990. The General

Accounting and Finance System reports obligations, expenses, disbursements, and collections. The Airlift Services Industrial Fund Integrated Computer System tracks some revenue, bills for certain transportation services, and maintains a limited accounts receivable subsidiary ledger. The General Ledger is a stand-alone process that is manually updated using journal vouchers supported by accounting system reports, worksheets, or memos prepared by AMC. USTRANSCOM received approval from the Business Management Modernization Program to lead a joint effort with the U.S. Air Force and the Defense Finance and Accounting Service to address these issues in the development of a new integrated accounting system for AMC. USTRANSCOM's Financial Management Modernization Program Office began work in Sep 2003.

USTRANSCOM is continuing to develop the Transportation Financial Management System. This system will provide USTRANSCOM and component commanders with online query capability to Transportation Working Capital Fund data. Daily detail level transactional data will be linked with the Business Decision Support System to provide combined operational and financial data to managers throughout USTRANSCOM.



*Delivering
cargo and
personnel...*



*...anywhere
around the
world...*





*...in times of
peace and
conflict...*



*...the
United States
Transportation
Command*

Performance

AMC's Financial Performance

Fiscal year 2003 was another strong year for the AMC's Transportation Working Capital Fund. AMC's net operating result for the fiscal year was \$896.4M, which was \$939.9M better than planned. To date, the magnitude of airlift operations in Afghanistan and Iraq are second only to the Berlin Airlift.

Fiscal year 2003 brought a major change in the budget process. The DOD is evolving from an annual Program Objective Memorandum/Budget Estimate Submission cycle to a biennial cycle. The fiscal year 2004 submission is the "off" year and focuses on budget execution and program performance. AMC served as the single DOD manager for the nation's airlift services and maintains the worldwide airlift system in a constant state of readiness. AMC's fiscal year 2005 Budget Review provides financial resources to operate a world-class airlift system. This peacetime budget supports AMC's efforts to provide a seamless transition to our wartime requirements.

NET OPERATING RESULT			
	Actual FY03	Planned FY03	Variance FY03
Revenue	\$6,337.7	\$4,184.6	\$2,153.1
Expense	\$5,441.3	\$4,228.1	\$1,213.2
NOR	\$896.4	(\$43.5)	\$939.9

(Dollars in Millions)

AMC invested \$157M in command and control system upgrades, development, and operations. A significant portion of the capital investment was in the two largest programs: Global Decision Support System 2 (a combination of the legacy Global Decision Support System and Command and Control Information Processing System) and the Global Air Transportation Execution System. Additionally, AMC invested over \$7M for modernization of supporting communications infrastructure through multiple projects and initiatives. These included installing high-speed network rings, laying new copper and fiber optic communications cables, and upgrading telephone switches at key bases and en route locations. AMC is recognized as a leader in architecture development, focusing efforts on improvements in functionality and capabilities, quality of command and control and in-transit visibility data, and interoperability between external partners.



MSC's Financial Performance

MSC's net operating result for the fiscal year was \$209.2M, which was \$135.0M greater than planned.

NET OPERATING RESULT			
	Actual FY03	Planned FY03	Variance FY03
Revenue	\$1,665.1	\$737.0	\$928.1
Expense	\$1,455.9	\$662.8	\$793.1
NOR	\$209.2	\$74.2	\$135.0

(Dollars in Millions)

Financial Reporting and Systems Improvement

MSC continues to be on the leading edge with respect to information technology. MSC made substantial progress in the integration of MSC's Standard Procurement System and the MSC Financial Management System. Phase One was implemented in fiscal year 2002. Phase Two was completed in fiscal year 2003 and will allow transfer of award/contract modification data back into the Financial Management System. This will eliminate manual entry of award data for contracts and reduce the chance for errors.



Performance

MTMC's Financial Performance

MTMC's net operating result for the fiscal year was a negative \$171.3M, which was \$112.9M less than planned.



NET OPERATING RESULT			
	Actual FY03	Planned FY03	Variance FY03
Revenue	\$964.3	\$737.7	\$226.6
Expense	\$1,135.6	\$796.1	\$339.5
NOR	(\$171.3)	(\$58.4)	(\$112.9)

(Dollars in Millions)

MTMC moved to a state-of-the-art financial management system when it replaced its 30-year-old legacy financial system in fiscal year 2003 with a commercial, off-the-shelf financial system based on Oracle Federal Financials.

MTMC's Transportation Financial Management System (TFMS-M) is a Federal Financial Management Information-compliant system. The system implements commercial business practices which ensure that all revenues and expenses are captured, providing greater funds management and budget execution visibility as well as automating customer billing and collections processes. Future functionality includes interface with Standard Procurement System, and Customer Automated Environment (U.S. Bank) further automating the financial process.

Summary of USTRANSCOM Components

AMC

Definition of Business Areas:

- PAX** Passenger airlift from CONUS to OCONUS along scheduled routes
- Cargo** Shipment of cargo from port to port or from depot to customer along scheduled routes
- SAAM** Special Assignment Airlift Mission: rental of entire aircraft to move cargo and/or passengers
- Exercise** Rental of entire aircraft in support of Joint Chiefs of Staff exercises
- Training** Air Force/Air Force Reserves purchase flying hours to train crews

AMC NET OPERATING RESULT			
	Revenue	Expense	NOR
PAX	\$328.5	\$366.5	(\$38.0)
Cargo	\$2,053.2	\$1,791.7	\$261.5
SAAM	\$3,602.5	\$2,881.8	\$720.7
Exercise	\$81.6	\$76.0	\$5.6
Training	\$271.9	\$325.3	(\$53.4)
TOTAL	\$6337.7	\$5441.3	\$896.4

(Dollars in Millions)

Summary of USTRANSCOM Components

MSC

Definition of Business Areas:

Cargo	Movement of DOD dry cargo
Tankers	Movement of DOD bulk petroleum products
Surge	Strategic lift capabilities used for contingencies and Joint Chiefs of Staff exercises
Prepo	Prepositioning support placing military equipment and supplies in key ocean areas prior to contingencies
Reimbursable	Funds received from the Navy to buy Tankers and from the Defense Emergency Relief Fund

MSC NET OPERATING RESULT

	Revenue	Expense	NOR
Cargo	\$575.0	\$491.7	\$83.3
Tankers	\$228.7	\$179.4	\$49.3
Surge	\$385.0	\$314.1	\$70.9
Prepo	\$345.5	\$339.8	\$5.7
Reimbursable	\$130.9	\$130.9	\$0.0
TOTAL	\$1,665.1	\$1,455.9	\$209.2

(Dollars in Millions)

MTMC

Definition of Business Areas:

Port Operations	Vessel loading and discharging operations, cargo staging and stow planning, documentation, and oversight of stevedore services
Traffic Management	Direction, control, and supervision of all traffic, freight management, and transportation functions
GPC	(Known as Global Privately Owned Vehicle Contract) Booking and movement of privately owned vehicles
Liner	Ocean movement of DOD cargo by scheduled commercial ocean carrier service
Reimbursable	Fees to maintain underutilized capacity of the port for use in contingencies
Other	Non-operational revenue and cost due to conversion to new financial system

MTMC NET OPERATING RESULT

	Revenue	Expense	NOR
Port Ops	\$247.9	\$292.4	(\$44.5)
TFC Mgt	\$69.7	\$69.8	(\$0.1)
GPC	\$159.1	\$186.5	(\$27.4)
Liner	\$431.7	\$414.2	\$17.5
Reimbursable	\$37.3	\$77.1	(\$39.8)
Other	\$18.6	\$95.6	(\$77.0)
TOTAL	\$964.3	\$1,135.6	(\$171.3)

(Dollars in Millions)

Technology and Transformation

Command, Control, Communications and Computer Systems

Global Transportation Network

Global Transportation Network is USTRANSCOM's premier information system, serving 12,000 active registered DOD users worldwide. It is a web-based automated information system that provides a single source of transportation information regarding the movement of cargo and personnel. The build-up in preparation for Operation IRAQI FREEDOM saw a rapid increase in amount of data entering this system. Transaction processing and user queries hit an all-time high. To meet this demand, USTRANSCOM upgraded hardware and modified software in minimum time—increasing system performance by 40 percent. The addition of Radio Frequency Identification tracking on all movement containers enabled enhanced in-transit visibility of individual containers moving in the Defense Transportation System.

TRANSCOM Regulating and Command & Control Evacuation System

TRAC²ES is a unique and highly effective “patient in-transit visibility” system. Supporting patients in peace and war, this system matches the patient to the optimal bed destination via the most expeditious transport. All branches of the Service use this system, including Navy ships. The first real-world test of TRAC²ES occurred immediately following the tragic events of 11 Sep 2001. Two months following initial fielding, this system was supporting Operation ENDURING FREEDOM via fixed and deployed medical sites. TRAC²ES performed as designed in direct support of Operations ENDURING FREEDOM and IRAQI FREEDOM by providing 100 percent patient in-transit visibility en-route for over 11,500 patients. Approximately 1,500 of these patient movements were Operation IRAQI FREEDOM battle injuries moved from USCENTCOM to USEUCOM.



Command and Control — Providing Decision Ready Information

Combatant commanders are concerned with having an accurate and usable common operational picture. USTRANSCOM accomplishes this via the Transportation Common Operational Picture, an initiative to enhance the joint command and control system with “fused” transportation information. This initiative provides transportation situational awareness and in-transit visibility that is available in near real time to anyone in DOD participating in U.S. missions and exercises. Transportation Common Operational Picture provides a single geographical display of transportation assets around the world to enhance situational awareness. The value of Transportation Common Operational Picture was apparent during Operations ENDURING FREEDOM and IRAQI FREEDOM, as combatant commanders and the National Military Command Center were able to immediately account for all air and sea assets.

Info WorkSpace

Another vital command and control initiative that supported USTRANSCOM's operational mission was the use of Info WorkSpace as a collaborative, real-time planning tool for USTRANSCOM and our combatant command partners. During the build up to Operation ENDURING FREEDOM, the number of Info WorkSpace sites grew from 35 clients positioned locally to 135 clients installed worldwide at 21 separate commands and agencies. Following this initial fielding, Info WorkSpace collaboration expanded to more than 700 accounts around the world to support of Operation IRAQI FREEDOM. Today, the command is at the forefront of DOD distance collaboration linking deployment planners located at up to 60 sites around the globe in daily cyberspace meetings to discuss and coordinate near-term movement requirements to support Operation IRAQI FREEDOM. Additionally, future operations are discussed in regularly scheduled sessions while smaller groups draft policy, conduct briefings, and coordinate activities in ad hoc meetings. All these meetings are convened at the desk top, bringing people together productively without the need for travel, while reducing coordination time from days to hours.

Defense Transportation System Enterprise Architecture

In Apr 2003, USTRANSCOM was awarded the Computer World Honors Program 2003 Laureates Medal for Outstanding Achievement in Information Technology by a Government Organization for the Command's Defense Transportation System Enterprise Architecture. In June, the Defense Transportation System Enterprise Architecture was nominated for the DOD Chief Information Officer Award and in Sep 2003, E-Gov Digest and Federal Computer Week magazine recognized USTRANSCOM by awarding the Defense Transportation System Enterprise Architecture with their first presentation of the Enterprise Architecture Excellence Award. The formal recognition of the Defense Transportation System Enterprise Architecture by these professional technology bodies attests to the quality of the Command-sponsored effort and the critical role architectures serve in both the business community and the Federal Government. These awards are a mark of respect and formal recognition by government, industry, and academia of USTRANSCOM as a model organization for Enterprise Architecture development and implementation.

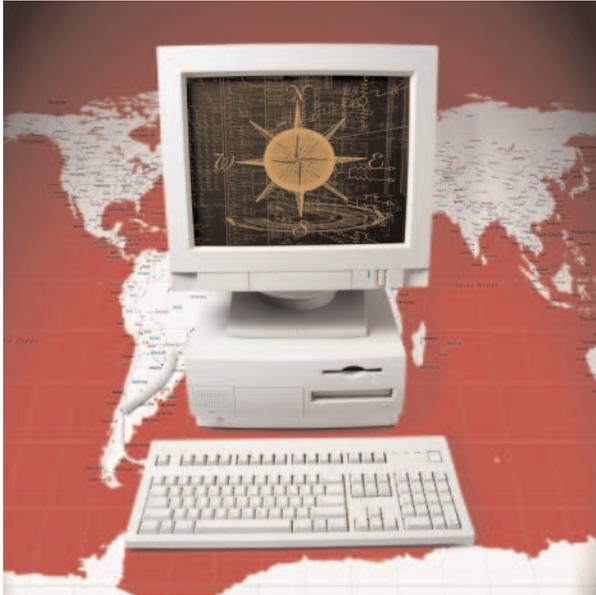
USTRANSCOM's enterprise architecture presents an integrated, multi-dimensional view of the Defense Transportation System. The operational view documents current and future operational processes, activities, information exchange requirements needed for the Defense Transportation System to function, and other associated information products. The operational view impacts the system and technical views of the enterprise. These views present the Defense Transportation System's data models, system and technical standards, and other products to support interoperability.



Technology and Transformation

The Way Ahead

IT: Improving DOD Transportation Services in the Future



“In the future, commercial partners will be more tightly integrated into our processes in the joint mobility operations center and, eventually, in support of the emerging requirement to synchronize distribution overseas.”

Lieutenant General Gary H. Hughey

For our fighting forces the future holds the promise of a continued high operational tempo and an increasing level of involvement around the globe. To meet this challenge, USTRANSCOM must stay ahead of potential problem areas and make our information technology initiatives more creative and efficient than ever. In the near future, USTRANSCOM customers will be able to submit their transportation requirements through the USTRANSCOM portal to a single requirements database, providing a “single face to the customer” for transportation requirements and solutions. This effort will deliver a single point of entry into the Defense Transportation System for the submission of transportation requirements. Providing a single face to the worldwide Defense Transportation System will enable our customers to price, place, change, and track their transportation requirement. This initiative will also provide a cross-modal, cross-functional integrated view of Defense Transportation System processes, information sources, and systems. Once implemented, the “single face to the customer” initiative will effectively reduce movement request processing time, automate status notifications, and provide faster responses to requirement inquiries.

Internet Protocol-Based Satellite Communications Network

In addition to implementing significant improvements on its terrestrial transportation and command and control data systems infrastructure, USTRANSCOM has established itself as a leader within the DOD in pursuing transformational satellite communications capabilities. As an information-intensive command, USTRANSCOM relies heavily on communications connectivity to plan, schedule, execute, and monitor global transportation activity. During contingencies and humanitarian operations, bare-base and provisional transportation ports typically rely on satellite communications for long-haul communications connectivity. Unfortunately, military satellite communications bandwidth resources are completely saturated, commercial satellite communications bandwidth resources are prohibitively expensive and in short supply, and existing satellite communications systems are cumbersome to operate and maintain. Towards that end, USTRANSCOM has taken the lead to implement a pilot satellite communications network employing new bandwidth efficient satellite transport techniques to provide increased capabilities, better network performance, reduced space segment consumption/costs, smaller deployed equipment footprints, and easy-to-operate systems.



Appendix

Department of Defense United States Transportation Command

Statement of Financial Condition (Dollars in Millions)

	FY 2003	FY 2002
Assets:		
Cash	\$1,742.2	\$859.9
Available for Operations	\$1,552.6	\$669.1
Required for Capital Purchases	\$189.6	\$190.8
Accounts Receivable	\$1,266.0	\$866.2
Advances Made	\$22.8	\$9.7
Inventories	\$58.4	\$47.8
Capital Property (Net)	\$1,140.0	\$1,236.4
Total Assets	\$4,229.4	\$3,020.0
Liabilities:		
Accounts Payable	\$1,198.0	\$1,004.0
Accrued Liabilities	\$41.2	\$35.2
Other Liabilities	\$109.1	\$9.8
Total Liabilities	\$1,348.3	\$1,049.0
Government Equity:		
Paid-in-Capital	\$970.0	\$988.9
Accumulated Operating Results	\$1,911.1	\$982.1
Total Government Equity	\$2,881.1	\$1,971.0
Total Liabilities and Equity	\$4,229.4	\$3,020.0

Statement of Revenue and Expenses
(Dollars in Millions)

	FY 2003	FY 2002
Revenue:		
Gross Sales	\$8,934.8	\$6,289.6
Operations	\$8,734.4	\$6,091.3
Capital Surcharge	\$0.0	\$0.0
Depreciation	\$200.4	\$198.3
Other Income	\$50.0	\$50.0
Refunds/Discounts	\$0.0	(\$11.3)
Total Income	\$8,984.8	\$6,328.3
Expenses:		
Salaries and Wages:		
Military Personnel Compensation & Benefits	\$55.0	\$45.9
Civilian Personnel Compensation & Benefits	\$257.3	\$253.1
Travel and Transportation of Personnel	\$276.6	\$200.4
Materials and Supplies (For internal operations)	\$992.5	\$823.3
Equipment	\$123.1	\$11.3
Other Purchases from Revolving Funds	\$0.0	\$0.0
Transportation of Things	\$685.3	\$361.4
Depreciation - Capital	\$200.4	\$198.3
Printing and Reproduction	\$0.6	\$1.0
Advisory and Assistance Services	\$0.0	\$0.0
Rent, Communications, Utilities, and Misc Charges	\$145.5	\$79.0
Other Purchased Services	\$5,319.5	\$3,674.5
Total Expenses	\$8,055.8	\$5,648.2
Net Operating Result	\$929.0	\$680.1
Beginning AOR	\$982.1	\$271.0
Prior Year Adjustments	\$0.0	\$31.0
Accumulated Operating Result	\$1,911.1	\$982.1



*The United States
Transportation
Command moves cargo
and personnel anywhere
in the world, anytime,
anyplace!*

*However, no cargo is as
precious as the men and
women of the military
services. We are proud
to carry our service
members where they are
needed, but even more
proud to bring them
back home.*

General John W. Handy

United States Transportation Command (USTRANSCOM)

Leadership

General John W. Handy, U.S. Air Force
Commander, United States Transportation Command
Commander, Air Mobility Command



Lieutenant General Gary H. Hughey, U.S. Marine Corps
Deputy Commander, United States Transportation Command



Vice Admiral David L. Brewer III, U.S. Navy
Commander, Military Sealift Command



Major General Ann E. Dunwoody, U.S. Army
Commander, Military Traffic Management Command



