



PEO AMMUNITION

Small Arms Systems Keynote Address

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Agenda



Small Caliber
Ammunition



Future Trends



Medium Caliber
Ammunition



Second Sourcing



Large Caliber
Ammunition



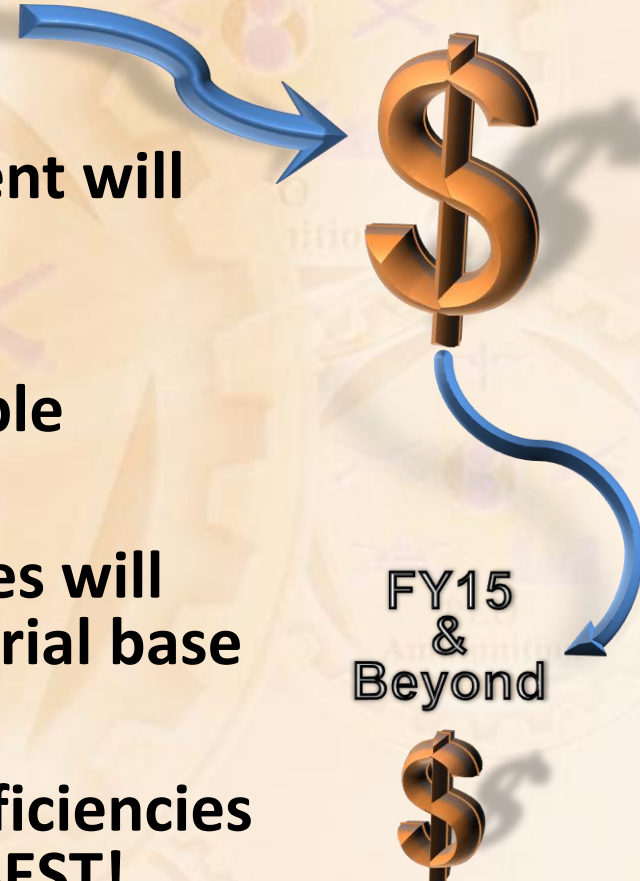
Commercialization and Foreign Military Sales

Weapon / Ammunition Integration



Future Trends

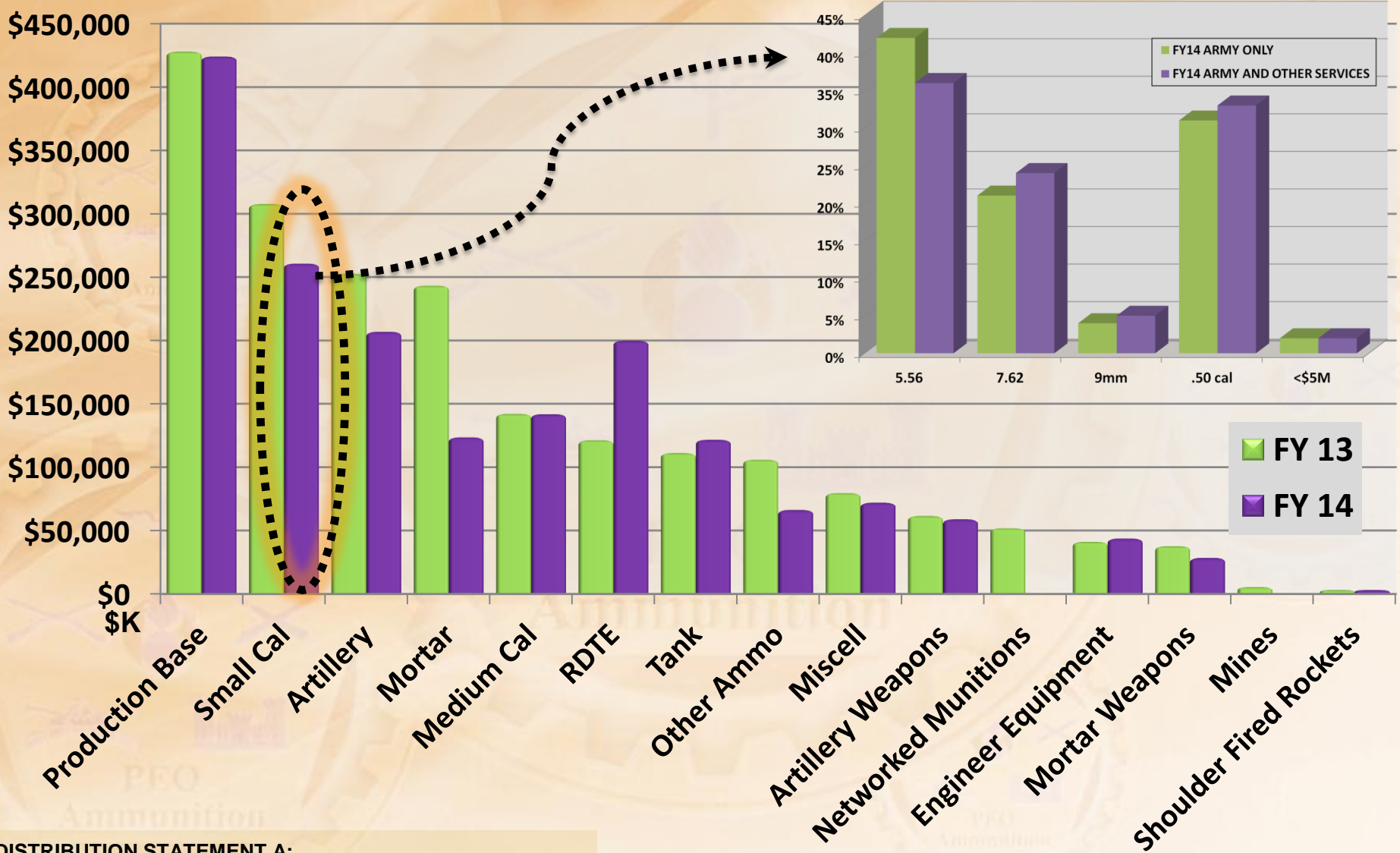
- Declining budgets will drive change
- Government ammunition procurement will be reduced
- Some Industry contraction is inevitable
- Commercial and Foreign Military Sales will take on greater importance to industrial base
- Government will continue to seek efficiencies to ensure our Warfighters have the BEST!



Government and Industry must work together to minimize impact of future budget reductions



FY13 – FY14 Funding Comparison by Ammo Families (\$ in K)





Second Sourcing

- **USG committed to Second Sourcing, where cost-effective**
 - Helps strengthen industrial base
 - Protects against single point failure
 - Enables more rapid response to urgent rqmts.
 - Helps foster competition



Ammunition Industrial Base

- 1200+ End Items
- 1300+ Components
- 290+ Producers
- 30+ Foreign Producers

- **Resource constrained environment will challenge this commitment**
 - Must make sense from a business case perspective
 - Unlikely USG will be able to continue all second sourcing

Government faced with hard decisions where second sourcing is no longer affordable



Commercialization and FMS

- Government continues to support commercial sales and approved Foreign Military Sales (FMS)
- Increased commercial sales and FMS offer an offset to reduced Government procurement
- Close coordination needed to ensure Government, commercial sales and FMS requirements are balanced
- Government interested in Industry ideas on teaming to strengthening U.S. position as world leader



**FMS - FY13
Direct Fire Munitions
Largest Dollar Volume
by Family**

**Government ready to assist
Industry, where possible**



Weapon/Ammunition Integration



- **Weapon and Ammunition are a system**
- **Weapons and Ammunition are managed by different PEOs**
- **Development of new ammunition requires due diligence to avoid undesirable impacts to weapons**
- **USG interested in Industry ideas on how best to prevent weapon/ammunition compatibility issues**



Teaming between weapon and ammo communities (Government & Industry) key to ensure compatibility