Small Arms Systems
Keynote Address

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Agenda

Future Trends

Second Sourcing

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

DISTRIBUTION STATEMENT A:
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FY13 – FY14 Funding Comparison by Ammo Families ($ in K)

- Production Base: FY13 $450,000, FY14 $400,000
- Small Cal: FY13 $400,000, FY14 $350,000
- Artillery: FY13 $350,000, FY14 $300,000
- Mortar: FY13 $300,000, FY14 $250,000
- Medium Cal: FY13 $250,000, FY14 $200,000
- RDTE: FY13 $200,000, FY14 $150,000
- Tank: FY13 $150,000, FY14 $100,000
- Other Ammo: FY13 $100,000, FY14 $50,000
- Miscell: FY13 $50,000, FY14 $0
- Artillery Weapons: FY13 $50,000, FY14 $0
- Networked Munitions: FY13 $50,000, FY14 $0
- Engineer Equipment: FY13 $50,000, FY14 $0
- Mortar Weapons: FY13 $50,000, FY14 $0
- MINES: FY13 $50,000, FY14 $0
- Shoulder Fired Rockets: FY13 $50,000, FY14 $0

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Second Sourcing

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

• 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

Ammunition Industrial Base
• 1200+ End Items
• 1300+ Components
• 290+ Producers
• 30+ Foreign Producers
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