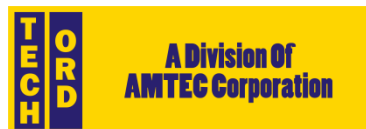




*Diversified Products for the National Defense*

# Munitions Executive Summit Industry Panel

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**amron**  
A Division of AMTEC Corporation



# Current Ammo Environment



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## **What We Know**

- Budget reductions combined with high inventory levels will create a complete pause in procurement of certain ammunition that will outlast existing backlog. The result will be production lines shutting down completely for an extended period of time.
- Increase in Government oversight and review beyond prior standard, particularly in areas that have no impact on product performance or quality
- With inventory levels high, USG sense of urgency has waned in some cases
- More companies competing for fewer opportunities, resulting in aggressive pricing in the interest of paying down overhead and prolonging life. Reality is that it weakens everyone.

## **How Are We Coping**

- Continually improving to do more with less, preparing for down turn
- Expanding aperture of opportunities to pursue
- Determining how to utilize manufacturing resources (facilities, equipment, people) for production lines that will be going dormant
- Understanding that significant ammunition budget decreases will create acquisition opportunities

# Recommendations for Government



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- For current products that will not be procured for an extended period of time, consider funding to lay away the line or fund the contractor to maintain the line. The result will be a significantly less painful re-start (cost, schedule and quality).
- Work with contractors to create delivery schedules that provide wide flexibility, allowing a balance between Government use requirements and efficient contractor workload to retain core competencies.
- Address defense budget process wherein funding available to foreign contractors through FCT is not matched with comparable funding for US Industrial Base.
- Improve Government support of contractor commercial / direct foreign sale opportunities:
  - BATFE approval process to register and transfer/export products takes far too long, and has no limit on processing time
  - Streamlined Competent Authority process
  - Lift restriction on buying USG inventory for commercial use (i.e. CH-6)
- Let free enterprise and capitalism work, and perform valid assessment of costs for directed source work. The strong will survive and the DoD will get the most efficient use of limited funding.
- When ammunition requirements go back up, improve forecasting and/or acquisition strategies to prevent feast / famine environment.