2015 Munitions Executive Summit

Transforming the Munitions Enterprise to Meet Strategic Demands
“Ensuring Readiness, Affordability & Future Capabilities”

Industry Perspective
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GD-OTS at a Glance

System developer and producer of munitions, weapons, and tactical systems across the entire Sea – Air – Land battle spectrum

Full Product Life Cycle Support

6 Strategic Business Units
- Large Caliber Ammunition
- Medium Caliber Ammunition & Weapon Systems
- Precision Systems
- St. Marks Powder
- GD-OTS Canada
- Advanced Materials

- 4,725 Employees
- 23 Operating Facilities
MCAWS Overview

Ammunition and Weapons Systems

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Current Business Environment

Key Initiatives & Observations

• Depressed demand for medium & large caliber ammunition natures
  – Historically low volumes persist; path to strategic future not clear
• Industrial base proactively driving affordability
  – No degradation of capabilities; capacity tradeoff to flexibility
• Intensive footprint rationalization
  – Facility consolidation - Right-sizing manufacturing operations
  – Reducing overhead burdens, including beyond the shop floor
• Driving versatility of critical manufacturing centers
  – Infusing new products & manufacturing capabilities
  – Offset to reduced demand for core munitions
• Key commercial facilities provide value added leverage
  – Unique manufacturing “centers of excellence”
  – Significant technology contributors
• Supply base facing similar challenges - delicate business balance with requirements/resourcing/investment
• International outreach bearing fruit for Munitions IB
• Intensity of Quality oversight/processes amplified on reduced volume demand
Recommendations
Opportunities for Potential Improvement

- Improve transparency in budgeting & programming; strategic roadmap
- More inclusive SMCA mission & role
  - Non-Army Service customers: more integrated planning (capability based) & accountability for Industrial Base implications
- “Strategic” Industrial Base planning
  - Vital capability needs and long term definition
  - Enterprise-level strategy: commercial & GOCO
- More effective USG-Industry partnering on international expansion - critical to future success of munitions IB
- Furthered joint USG-Industry effort on Quality expectations and process evolution
- Improved Contracting velocity - protracted contract actions constrain industry planning/execution and place unobligated funding at risk
- Ensure Industrial Base capability parameters account for supply chain
  - Encourage a process to remove barriers and enhance capability considerations