

Large Caliber / Bombs Sector



**Industrial Committee of Ammunition Producers
94th Meeting
October 28, 2010**



Large Caliber/Bombs Sector

Members

- ATK
Dave Wise, Vice President and General Manager
- General Dynamics – OTS
Dr. Dean Bartles, Vice President and General Manager (*sector lead*)
- Medico Industries
Cataldo Medico, President, Manufacturing Division
- Norris Industries
Anil Shanbag, Vice President
- Nammo-Talley
Chick Feldmayer, Vice President, Government Affairs

Intellectual Property/Data Rights

- Intellectual Property and Data Rights are contained primarily in “manufacturing know how” (i.e. process drawings, gauge drawings, work instructions, CNC code)
- Some sector members further invest IRAD funding although this is waning due to the strong message that USG must own 100% IP after product development going forward
- For our enterprise to capitalize on funding from industry, we must strike a balance to allow industry to recover investment

IBAT/MSR

All sector members
participating in the
IBAT and MSR Initiatives

Critical Issues

- DoD Budget uncertainty beyond FY11
 - Impacting long-term modernization / investments
 - Evolving fiscal priorities – impact on ammo funding ?
 - Seeking more USG insights to effectively plan
- Contracting velocity – administrative procurement lead times
 - Adverse effect on operations & production efficiency
- Fragile State of NTIB Large Caliber Technology Base
 - Sustained investment priority needed if capabilities are desired
 - Ability to compete globally eroding as training volumes decline
 - Adverse impact on Tactical Ammunition costs
 - Contractor investment in technologies unappreciated and unwanted

Strategic Concerns

- Increased use of IDIQ Contracts where only minimum annual quantities are awarded
 - Reduces Industry's incentive to invest in production efficiencies
 - On the positive side, significantly reduces risks associated with highly volatile raw material cost fluctuations (except surcharges)
- Use of EPA clauses for certain raw materials on contracts with firm fixed price options stretching out beyond one year (must also address surcharges)
- Contractors should be incentivized to invest in developing advanced manufacturing technologies that will have a favorable impact on ammunition production costs long term