



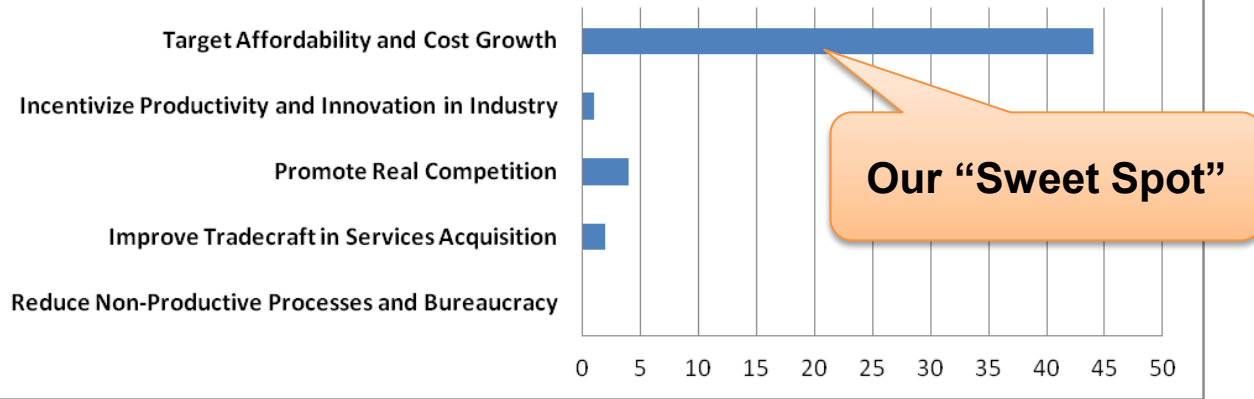
# PEO AMMUNITION BETTER BUYING POWER (BBP) OVERVIEW



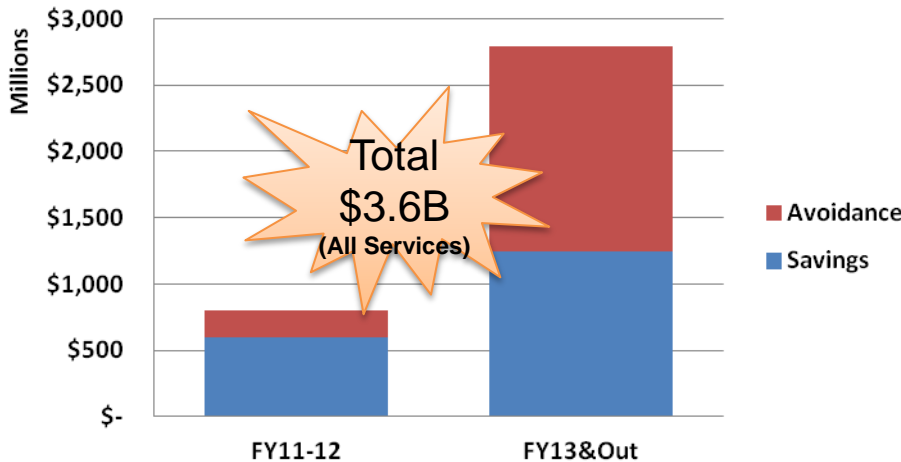


# PEO AMMO BBP OVERVIEW

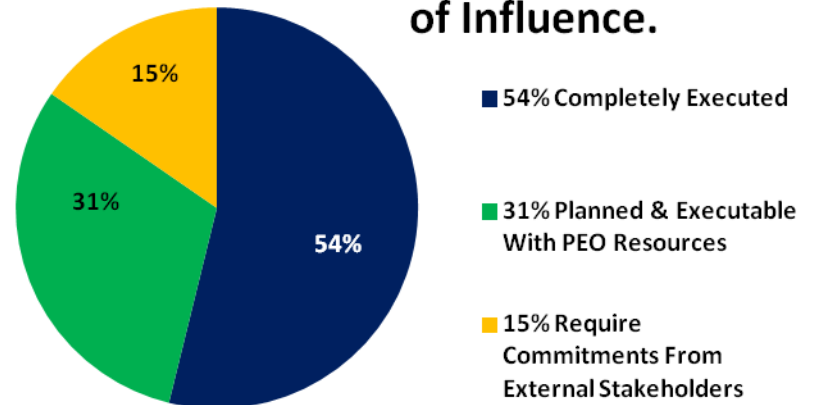
## PEO Ammo Currently Tracking 51 Initiatives Across All BBP Focus Areas



## ... With Both Near & Far Term Savings



## ...Majority Of Initiatives Completely Within PEO Sphere of Influence.





# Monthly Review Process



## PEO Ammo Efficiency Initiatives Summary



Program Name	Better Buying Power Category	Description - How savings achieved (P) = Projected (E) = Executed	Cost Savings (Actual)	Cost Avoidance	Applicability (Across POM/FYXX, Years etc.)
<a href="#">5.56mm Enhanced Performance Round</a>	Target Affordability and Control Cost Growth	(P/E) - 5.56mm EPR will achieve a decrease in the unit cost beyond the projected unit cost by aggressively investing in several projects to specifically reduce the unit cost.	\$34.8M	\$159M	FY11-FY16
<a href="#">40mm Mk281 Round</a>	Target Affordability and Control Cost Growth	(E) – Funding originally programmed for Mk281 not required due to unrealized requirements.	\$95M		FY11
<a href="#">Wire Bound Elimination</a>	Target Affordability and Control Cost Growth	(P)- M2A1, M19A1, PA108 wire bound boxes will be replaced with a single more robust container meeting all 3 requirements.		\$4.1M	FY15-FY16
<a href="#">2.5mm &amp; Training Alternate Year Buys</a>	Target Affordability and Control Cost Growth	(P) – To maintain industrial base while keeping unit costs at competitive prices, acquisition strategy was adopted to have alternate year buys with suppliers.	\$4.3M	\$33.4M	FY12-16
<a href="#">7.62 Sniper Round (M118 LR)</a>	Target Affordability and Control Cost Growth	(P) – Change in propellant on Long Range 7.62mm round provides a cost savings while also increasing performance.	\$10.1K	\$30.2K	FY12-15

Every month O6 PMs meet with PEO to discuss:

- Initiative Status
- Challenges
- New Cost Saving Ideas

This summary level information is reported to ASA(ALT) every month.



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# All Initiatives Backed Up By Data



## PM MAS



Back

## 5.56mm Enhanced Performance Round

### Efficiency Initiative:

- Initial cost of ammunition very high - \$x.xx / round
- Successfully accelerated cost reduction efforts for components
  - Utilized common bullet cup (M855/M855A1 now use same copper cup)
  - Developed high speed cold heading process for penetrator manufacture

Specific Details on What's Being Done.

Target Affordability & Control Cost Growth

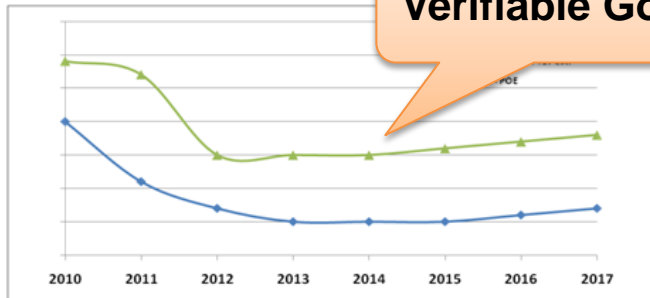
### Opportunity:

- Initiatives enabled 91% learning curve (vs originally projected 95% learning)
- Able to negotiate FY11 contract unit price (vs original estimate of \$0.xx)
- FY11 Savings procured larger quantity
- FY12 Savings available for higher priorities
- FY13-16 Avoidance already taken through PM Process

Cost Estimates, Timing & Nature of Savings

	FY11	FY12	FY13	FY14	FY15	FY16
Cost Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost Avoidance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### Solution Strategy: Aggressive Acceleration of Production Cost Reduction



Verifiable Goals

### Key Events:

- Completed
  - Common bullet cup: 3QFY10
  - High speed Cold heading: 2QFY11
- In-progress
  - Facilitating Lake City AAP production of copper slug: 1QFY12

M855



M855A1



Schedule of Key Events to Manage & Monitor Progress



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# ACAT III Portfolio Review

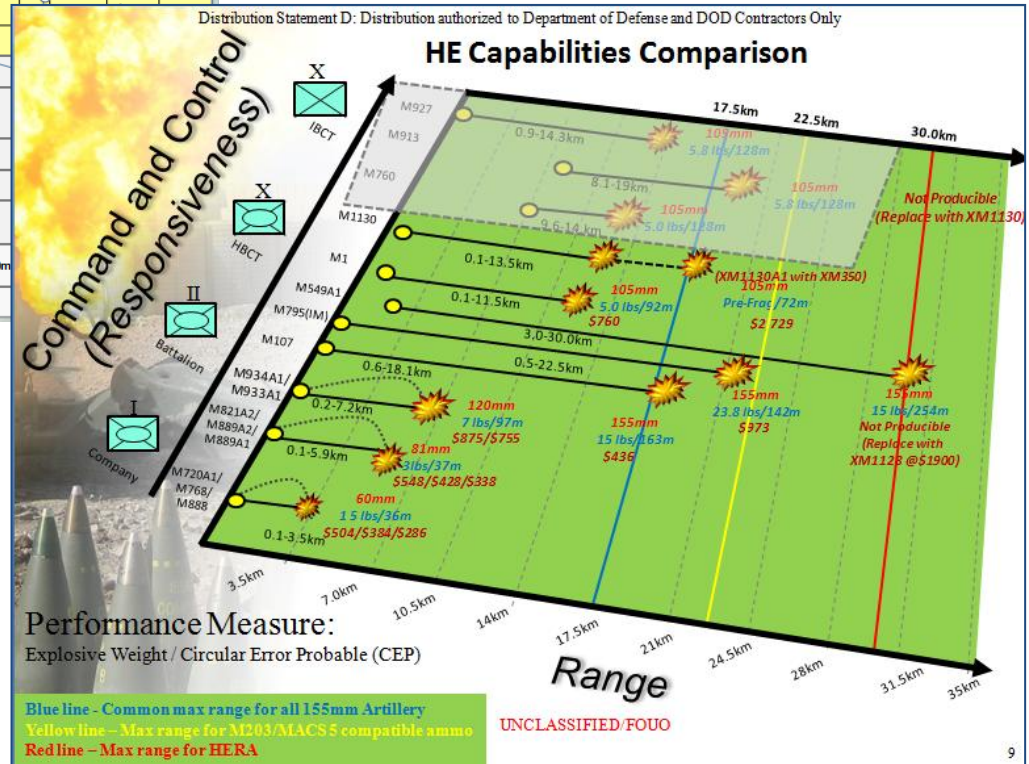


DODIC	NAME	REQUIREMENT BASIS		Weapon	TNG, TAC OR BOTH	Capabilities										STATUS (COM, DEV, SUST, PROD)	\$ EACH FY12 PRES BUD	REMARKS	
		REQT TYPE	DATE OF REQT			Hard Target	Soft Target	Constancy	Armor Piercing	Trace Capability	Incendiary	Live Fire TRNG	Short Range TRNG	Force on Force TRNG	Effective range				Dispersion (MOA)
A518	CTG CAL .50 SLAP M903 (SLAPT M96Z)	UR	MAY 07	M2 Family	TAC	X	X	X	ü						1500m	X	PROD	\$10.97	
A531	CTG CAL .50 API M8		6 AUG 31	M2 Family	TAC	X	X	X	X	X					2000m	X	PROD	\$2.27	
A541	CTG CAL .50 API-T M20		6 AUG 31	M2 Family	TAC	X	X	X	X	X				2000m	X	PROD	\$3.15		
A576	CTG CAL .50 LINKED 4 M8 API / 1 M20 API TRACER		6 AUG 31	M2 Family	TAC	X	X	X	X	X				2000m	X	PROD	\$3.03		
A585	CTG CAL .50 APIT M20 WM9 LINK		6 AUG 31	M2 Family	TAC	X	X	X	X	X				2000m					
A606	CTG CAL .50 API MK211 MOD 0 MULTIPUR SIN	PROD SPEC	9 FEB 05	M107	TAC	X	X	X	X	X				1800m					
A555	CTG CAL .50 BALL M33 W/M9 LINK		6 AUG 31	M2 Family	BOTH		X				X			2000m					
A557	CTG CAL .50 4 BALL M33/1 M17 TRACER W/M9 LINK		6 AUG 31	M2 Family	BOTH		X		X		X			2000m					
A575	CTG CAL .50 HPT M1 SINGLE ROUNDS		6 AUG 31	M2 Family	TEST														
AB48	CTG CAL .50 DUMMY M2	MIL-DTL-3498C	unk	M2 Family	TNG														
A598	CTG CAL .50 BLANK M1A1 LKD W/M9 LINK F/M	MIL-DTL-48623	unk	M2 Family	TNG														
A602	CTG CAL .50 SHORT RANGE LINKED 4 BALL/1	TDR	26 OCT 84 / 16 JUL 90 Revised	M2 with M3RA	TNG				X		X			150m-700m					
AB36	CTG CAL .50 DUMMY M2 LINKED	MIL-DTL-3498C	unk	M2 Family	TNG														

Possible Redundancies

Analytical Approach Used to Uncover Capability Redundancies in Portfolio

Coordinated Positions on Similar Seeming Capability Between Centers of Excellence Proponents, HQDA & PEO





# Take Away for Industry Partners

- Pressure for PMs and PEOs to demonstrate cost savings originates from the highest levels in DOD, and in one year has started changing acquisition culture.
- Expect this to be the way of life for the foreseeable future.
- Looking for industry to:
  - Propose cost saving ideas informally to PMs.
  - Use VECs
  - Focus on costs and expect more scrutiny of cost growth.

