

# ICAP

## Small and Medium Caliber Ammunition Sector

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## Continuous Improvement

- Ongoing investments being made in improving capability and efficiency in cartridge case manufacturing (state of the art machining cells for GAU8 and 40mm M169 case at Amron- ECD EoY 2011)
- DSEI's 40mm Fuze operation relocated from Orlando to new state of the art facility in Gaffney with October start-up
- Norris Industries- While preserving cartridge case manufacturing and R&D capability, repositioning IRAD to Lightweight Materials (armor panels) - utilize Rock Island equipment to increase business base and extend market reach for Military, Homeland Security and Law Enforcement applications

## Accomplishments

- M789 HEDP Second Source successfully completed FAT
- Quad Cities Cartridge Case Facility ready for prove out in October, production January

Input	Effect
Lack visibility into FMS cases	<i>Ineffective planning and lack of coordination between USG and industry</i>
Balance benefits of FMS and Direct Sales while meeting customer needs	<i>Protect USG deliveries, balance inventory, assist industry in increasing business base and increasing profit for reinvestment, deliver product to customers on time and at attractive price.</i>

## ***Take Away***

- Increased insight into FMS cases v. Learning after FMS shipment
- Balance interests of stakeholders

Issue/Concern	Sector comments
Uncertain demand/requirements <i>(budget flux, unclear requirements, reprogramming)</i>	<i>Impacts to line balancing, retention of key skills and business case for discretionary spend</i>
Suppliers exiting market	<i><u>Exit or divert capacity</u> to other opportunities (Commercial Aerospace and Medical)- Watch Item</i>
Unaware of how IBAT/MSR Data is being used in decision making	<i>Data is product or facility specific and may not consider interaction across industry portfolio's</i>

## ***Take Away***

- Uncertainty is driving business decisions
  - Ensure key supplier base is retained
- IBAT/MSR data use is not visible to industry

Steps	Effect
Plant consolidation	<p>+ <i>Elimination of un needed capacity and space.</i></p> <p>? <i>Needs to be balanced for <u>retention of key capability</u> and kept in phase with IBAT(product)/MSR(facility) tool??</i></p>
Reduced/repositioned discretionary spend	<ul style="list-style-type: none"> <li>• <u>Uncertain ROI- flight to more predictable ROI.</u></li> <li>• <u>Reduced investment in future US industry base</u></li> <li>• <u>Increased investment in international pursuits</u></li> </ul>
Reduction in force	<ul style="list-style-type: none"> <li>• <i>Right sizing sometimes necessary.</i></li> <li>• <i>Balance with <u>retention of key talent</u></i></li> </ul>

## Take Away

- Increased coordination as industry leans operations, staff and suppliers
- Business case for IRAD is more difficult to make