

Realigning vs Redefining the Industrial Base of the 21st Century

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A Nation's Defence Industrial Base

- Truly a vital strategic capability and asset...*a critical component of military power*
- Normal market forces may not apply due to regulation
- Strategies are not typically, or have not been, part of the *overall strategic planning process*
- The DIB is a diverse array of companies, large and small, with many sectors and *tiers...with growing global ties and supply chains*
- The *DIB must be managed and preserved* against what to keep versus starting with what to cut or reduce
- The *DIB faces current and emerging security challenges* just as the parent nation does
- *Balancing strategic, operational, economic and science & technological elements* to preclude irreversibility

The 21st Century DIB...Realign versus Redefine

• Security

- Cybersecurity threats continue to cause the loss of critical intellectual property
- The US Govt has a program designed to assist in securing the DIB
- *AECOM is a part of the DIB program as are many of the large DoD companies*

US Companies lose \$250B per year through intellectual property theft...with another \$114B lost due to cyber crime...goes to \$338B in loss due to down time..Gen Alexander, former NSA Director and current Commander, US Cyber Command

• Investment

- Investment in emerging technologies and innovation are critical to ensuring the DIB has global impact across all global markets
- *AECOM is investing in Secure Cloud Technologies, Cybersecurity for DoD and the Critical Infrastructure Market, Unmanned Arial Systems and the Wireless/Electromagnetic Spectrum*

• Global Engagement

- Although we are competitors in many markets – we must continue to look for ways to synchronize our investments across geographies, markets and organizations to ensure the full-advantage of the DIB is exercised. Some examples of this are:
 - *US export control reform*
 - *Investing in academia and R&D from which will strengthen the DIB*
 - *Engaging strong partnership with long-standing partners to solve complex challenges such as environmental dynamics associated with Oil & Gas and Mining, Defence Training and Preparedness*

REALIGN DIB PRIORITIES TO MEET THE EVER-CHANGING GLOBAL CHALLENGES OF THE 21ST CENTURY.....THROUGH PARTNERSHIPS, DIALOGUE AND CONTINUED ACTION BY THE COMPANIES THAT ARE THE DIB....SUSTAINING THE BASE FOR THE 21ST CENTURY

Realignment Conundrums...

- **Interdependence where possible versus Independence**
- **Measuring the DIB**
 - Capability vs Capacity vs Single Points of Failure
 - Global Supply Chain versus Fragile Niches
- **Research & Development versus Science & Technology**
- **Getting Requirements Right versus the Right Requirement**
- **Transparency WITH Industry AND Competition AMONG Industry**
- **Competencies versus Strategies**
- **Defence Competencies versus DIB Competencies**

Canadian Defence Renewal...Linking Aims with Lessons Learned from Allies

Canadian Defence Renewal Aims	Lessons Learned
Clear Accountability	Transparency, Openness and Trust Throughout the Process
Process Improvements	Optimize Performance Based Logistics Principles in Solutioning
Innovation	Leverage Public-Private Partnerships and Best Business Practices
Establish Conditions for Continuous Improvement (CI)	Measure the right things
Strengthening Vitality of the Defence Team	Optimize “jointness” and interdependence
Seeking Better Ways to Work	Collaborate—Collaborate--Collaborate
Reinvesting Savings Generated into Defence Capabilities and Readiness	Net savings not generated quickly and costs of closure and environmental clean up high and offset savings

A Potential Path Forward

- Leverage to the fullest extent case studies from the US, UK and Australian Defence Industrial Base/BRAC Lessons Learned
- Establish a clear end state and vision
- Integrate industry in all facets of strategy and planning
- Complete and continuous transparency the key to success
- Continually balance the “ends versus means” in achieving the desired outcome
- Reflect on Aristotle...”The whole is greater than the sum of its parts” in how you approach the solution
- Always keep focused on the ultimate objective....supporting the men and women who serve their Nation