

The opportunity for change: Defence, Security, Industrial and Technology Policy

With the Strategic Defence and Security Review, the Government set out its plans for the future of UK defence. As industry now awaits the Defence, Security, Industrial and Technology Policy Green Paper, MOD DCB correspondent Graeme McGarry finds out more and hears from a progressive SME on the subject of future defence procurement.



The forthcoming Green Paper represents a chance for industry to influence the way the MOD does business

The Defence Industrial Strategy (DIS), launched in 2005, emerged as a result of recognition that developments in the defence environment – operations and technology – required changes in the way that the MOD approached acquisition in order to ensure that the UK Armed Forces continued to have the right equipment. With the recent Strategic Defence and Security Review (SDSR) setting out the Government's plans for the future structure of the UK Armed Forces and wider MOD, these resulting changes will also mean an overhaul of how the MOD does its business.

As Secretary of State for Defence Dr Liam Fox said in his speech to industry at Farnborough 2010, the SDSR would be followed by a new industrial engagement strategy.

Most recently, in a speech to defence industry members in November 2010, Minister for Defence Equipment, Support and Technology Peter Luff announced that a Green Paper will be published that sets out plans for defence industrial and technology policy by the end of 2010.

Mr Luff spoke at the event organised by A|D|S, the trade organisation advancing UK aerospace, defence, and security industries, to encourage industry members to become actively involved in the creation of the Green Paper which will formalise defence industrial and technology policy for the next five years.

Mr Luff commented: "Alongside the SDSR, we recognise the need for a more measured, strategic consideration of MOD's industrial and technology needs, together with industry's contribution to broader economic competitiveness."

Mr Luff went on to explain how industry members can help sculpt the future for defence policy, stating: "There will then be a formal public consultation in the New Year to give everyone who has an interest a chance to contribute. The result will be published in a White Paper next spring that will formalise our defence industrial and technology policy for the five years until the next strategic review."

"But the major window of opportunity for industry opens now, today. This is your chance to make a real difference to what the Green Paper says. To influence the way we do business."

The opportunity for change

In his speech at Farnborough, Dr Fox stated that the forthcoming Strategy will explain the Government's priorities and key policies on supporting both exports and SMEs.

Paul Mulvanny, Director of Enterprising IT, a progressive-thinking SME that helped develop and set up the Centre for Defence Enterprise (CDE) web portal, believes that a new Defence, Security, Industrial and Technology Policy (DSITP) represents a chance for the procurement community to revolutionise the way it does business, to further stimulate open and inclusive competition.

Mr Mulvanny said: "The challenges for SMEs in defence, and other players for that matter, stem from the nature of how defence scenario planning process and the procurement process interact. The interaction could simply be stated as a scenario gap analysis, then a design activity to define the resources which need to be altered to close the gap, followed by the procurement of the resources needed to effect the change."

Mr Mulvanny believes there is a strong argument that suggests that improvements in engagement between the MOD, Prime Contractors and SMEs can be achieved, not necessarily through an entire sea change in overall strategy, but simply by a subtle tweaking of the 'tactics' used in order to optimise the concept of 'open competition'. Through the application of a modular approach to the defence supply network such as that which is enabled through the use of a defence-wide Technology Enterprise Model, all businesses, no matter their size, would then be able to compete for defence business on a level, well prepared, playing field.

He concluded: "The supply chain challenges referred to in the DIS are linked to the nature of how equipments and services were procured, which in turn relied upon how said equipments and services were designed. For example, if the MOD procured a design for an aircraft carrier that was modular and the MOD published the interfaces for the resulting modules, the MOD could procure from any number of sources (SME, Prime etc) based on Quality, Cost and Timing (QCT). If the whole approach to doing business was modularised and used to enact procurement programmes, winning one contract could in principle lead to multiple project applications if market leading levels of QCT are sustained. This is the right kind of competition."

"The question the DSITP Green Paper leaves hanging is how Government and industry can work together to maximise the UK's defence capabilities. A good start would be to design the new business model that promotes modularity of the way we look at the market, a modular approach to the way we do business and the way we use our modular defence assets to deliver affordability, agility and interoperability."

Further information

To read Peter Luff's speech in full, please visit:

Web: www.mod.uk

To find out more about the Technology Enterprise Model from Enterprising IT, please contact:

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