



NORTH ATLANTIC TREATY ORGANIZATION

**SUPREME ALLIED COMMANDER
TRANSFORMATION**

**SACT's opening remarks at
Industry engages NATO Symposium
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As delivered

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Mr Deputy Secretary of Veterans and Defence Affairs for the Commonwealth of Virginia

Generals, Admirals,

Distinguished Guests,

Ladies and Gentlemen,

Thank you Mr. Jeff Maisey and Mr. Paul Grossman for your kind introductions.

It is a great opportunity for my Command, Allied Command Transformation, to take part in this symposium, co-organized and prepared by the Norfolk-NATO Festival and the Virginia Economic Development Partnership, and thank you for allowing me to say a few words to the more than two hundred participants, military and civilians, both from private and government sectors, and representatives from industry and academia, before commencing with the first panel of today's symposium.

Regarding industry, the final communiqué of last year's NATO Summit in Warsaw was very clear: *"A stronger defence industry across the Alliance, which includes small- and medium-sized enterprises, greater defence industrial and technological cooperation across the Atlantic and within Europe, and a robust industrial base in the whole of Europe and North America, remain essential for acquiring needed Alliance capabilities."*

Allied Command Transformation is the only NATO headquarters on American soil. Not only does it play a crucial role in maintaining a strong transatlantic linkage between North America and Europe, its core business is to transform the military capacity of the Alliance. To do this, innovation is key.

However, before addressing this, it is essential to define properly the environment in which we commonly operate. The global security



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environment is evolving at a rapid pace, and several trends can be identified. Crises become more and more interrelated. The same state and non-state actors follow separate agendas but interact differently according to situations which makes understanding more complicated. Threats emerge in an ever growing variety, ranging from terrorism, organized crime to radicalized religion, and are coupled with transnational risks such as climate change or economic instability. Moreover, the easier access to technology tends to increase the potential danger of any threat. As a result challenges are increasingly diverse and the lines between peacetime, crisis and conflict are progressively blurred.

Consequently we have shifted from a complicated to a complex environment.

Complicated meant interacting with many factors, but that we could analyse and draw reasonable conclusions to drive our decisions. Complex means that there are so many factors interacting with each other that it is impossible to comprehend all the outcomes, thereby making surprise more possible, and decision-making based on imperfect information more commonplace.

This is not just a military problem, it affects the civilian and private sectors as well, and reinforces the need for better cooperation and build resilience.

Panel 1 will consider this complexity, uncertainty, ambiguity and volatility of the global security environment looking out to a 30 years horizon. Based on the analysis of the trends that could lead to crises, we will discuss the military implications, through five broad guiding principles, or Strategic Military Perspectives: operational agility, strategic awareness, security networking, shared resilience and strategic communications.

This brings me to my next point. Panel 1 captures the principles to lead military adaptation, but how does the civilian world deal with the same complexity?

Although the objectives from civilian companies are different, they too have to deal with the same complex environment. And some of the most



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innovative companies have managed to adapt faster to the 21st century than the Defence sector. They have in fact been very successful in maintaining their daily businesses while constantly adapting to a fast moving environment that is constantly challenging them.

I have visited some of them last month in the Silicon Valley, and I drew some of the principles they have adopted for this adaptation:

- No organization can solve all problems alone;
- Strategic awareness and understanding the evolution of the environment are essential, and most information is available in open sources;
- Development of a wider network of partners is key but must rely on the dynamism of eco-systems rather than a logic of contract;
- A main strategic resource is data, and the ways to collect, concentrate, exploit and distribute them leads the transformation of organizations;
- In a technology-centric environment, human capital is essential, even more than it was before;
- And finally, emerging disruptive technologies will continue to impact our lifestyles, businesses and numerous sectors of the economy. Big data, cloud computing, artificial intelligence, advanced analytics and cognitive computing will challenge current business models and create new ones.

The abovementioned principles can apply to the defence sector as well and the way NATO conducts warfare.

Panel 2, will explore this subject – specifically the challenges and opportunities to design innovative and effective new models that best exploit disruptive technologies.

In the two first panels we will see how civilian and military share the same complexity of the environment; how the same principles for adaptation apply, and how the same disruptive technologies change our respective business models and the way we develop new capabilities.

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But we must also recognize that we share the same problem when the protection of our population is at stake.

As I mentioned before, strategic surprise will be unavoidable. It will require building resilience to resist or to recover quickly from shocks.

These shocks will affect both military and civilian sectors, in the context of protection of our populations. We must therefore enhance our preparedness concurrently covering transportation systems and infrastructures, logistics, energy supply, communications and cyber networks, medical support, food and water supply, etc. This includes host nation preparedness to support the deployment of military units to respond to a full range of threats, but also to natural disasters.

To do this, the combination of civilian, economic, commercial and military factors will require a whole of government approach. Shared resilience is one of the 5 principles I mentioned earlier and it is a fundamental factor in the context of what we call “Hybrid Warfare”, but also in the protection of citizens, systems and organizations from all potential hazards.

This will be the theme of the discussions in the last and 3rd Panel. And I would like to mention that next week Allied Command Transformation, the City of Norfolk and Old Dominion University will hold an international conference on this subject here in Norfolk, to which industry is invited.

To conclude.

We are confronted with a global environment that is defined by complexity and never ending technological evolution.

We share this same environment, and could seize the opportunities for a closer cooperation to adapt faster to remain relevant now and in the foreseeable future. Simultaneously continue to operate and adapt is necessary, but innovation is key to keep up with the pace of high operational commitment coupled with a more and more complex environment of technological evolution.

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Industry is a crucial contributor to our Alliance capability development, and there is an increasing need to identify and share innovative ideas and concepts, assess them and implement the most promising ones. This requires a renewed relationship between NATO and industry with the possibility to adapt our policies to quicker acquisition procedures (and we are working on that).

Across today's panels I hope we will have the opportunity to exchange experiences and to deepen our mutual understanding on how we can best tackle these challenges, through a better use of what already exists and an expansion of our networks to engage with a broader range of industry partners.

Thank you for your attention.