EADS Management Structure

revenues: € 45,8 bn.
employees: 119,000

Airbus
Eurocopter
Cassidian
Astrium
### CASSIDIAN

#### Financial Figures 2010

<table>
<thead>
<tr>
<th>Financial Figure</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues 2010:</td>
<td>€ 5.9 billion</td>
</tr>
<tr>
<td>Ebit 2010:</td>
<td>€ 457 million</td>
</tr>
<tr>
<td>Order Backlog 2010:</td>
<td>€ 16.9 billion</td>
</tr>
<tr>
<td>Order Intake 2010:</td>
<td>€ 4.3 billion</td>
</tr>
<tr>
<td>Employees 2010:</td>
<td>31,233</td>
</tr>
</tbody>
</table>
Advanced Concepts: Roles & Missions

• Missions
  – Thinking (about) the Future
  – Help Company to Meet Future Challenges / Customer Requirements
  – From Products/Technologies to Solutions
    (Conceptual Context / Operational Concepts)
  – From Concepts to (New) Business (Models)

• Roles
  – Internal: Advisor, Red Team Player, Promote Innovation, Support Business
  – External: Pathfinder and Dialog Partner

"If I had asked my customers what they wanted they would have said faster horses." — Henry Ford
Business Models for Defense and Security Providers

**System Integrator (Prime)**
- Program Management
- Systems Integration of Product, Platform or Function
- Government Sets Attributes of Program Performance
- Service Focus
- Services and MoDs Set Strategy

**Sub-System Provider**
- Component Provider
- Systems
- Integrator
- Sets
- Requirements
- Multi-Client Global Base

**System Integrator Plus?**
- Subsumes Government Role of Overall Manager
- Change Management (Adaptability to Changing Requirements)
- Architecture for IT and C4ISR
- Integration of "Disparate" Programs Via Architecture
- Capabilities-Based Multi-Program Approach
- MoD or Government-Wide Client Base
- Partner With Governments in Developing Strategy and Operational Concepts
- Risk Management

**Lead System Integrator**
Challenges for US and European Defense Primes

- Global Competitors from Asia, Latin America, Russia: Not Simply Recipients
- Global Commercial Dynamics
- Challenges within NATO
- Requirements for Asymmetrical Warfare
- Defense and Security: Partial Mission Convergence
- Cyber Space – A New Operational Environment: Civil-Military Challenge

• Fashionable Trends in Security: Increasing Vulnerability
  – Costs ↓
  – Efficiency ↑
  – User-friendliness ↑
  – Interoperability, Standardization, Norms ↑
  – Outsourcing ↑

  What About Security?

• Mass Market Providers Optimize R&D and Offerings to Mass Market Requirements

• Commercial Companies Can Deliver Products but Not Guarantee the Same Reliability to the Core Defense Customers as the Core Primes

• Defense Providers Understand Most Demanding Requirements
  – Hardening, Protection, Robustness, Resilience, Fail-safe Procedures, Adaptability, …
  – Controlled/Certified Supply Chain
  – Managing Extreme Complexities (More to Follow)

- Understanding Extremely Complex and Demanding Requirements
- Managing Technically Extremely Complex Programs
- Managing International Cooperative Programs
- Managing Changing Customers Requirements and Growth Potential
- Ability to Integrate on National and Alien Platforms and Products; Deliver Blended Products/Solutions
- Readiness to Shift from Optimal Technology Solutions to Technology Sized to Customer Needs
- Providing Highly Competent Skill-Sets
- Team-up with Leading Universities and Research Institutes
- Ability to Manage Large Non-Single Platform Focused Projects: Providing Opportunities for Small an Mid-size Enterprises (SMEs)
Way Ahead for US and European Defense Primes

- Significant Increase in Engagement in "New Markets" ("Internationalization")
- Enhanced Ability to Leverage Commercial Systems and Capabilities
- New Partnerships with Global Suppliers
- Partner for Customer
  - Dialog Partner about Future Developments
  - Trusted "Architecture" Consultant (incl. System Design)
  - Affordable Solution Provider, Financing Partner
  - Providing Expertise/Competence
  - Partnering with Firms Preferred by Customer (Leveraging Regional/Local Partners)
  - Adaptable Solution Provider: Offering Ways Ahead (Spiral Development, Upgrades)
- The Decade Ahead Will See the "Collaborative Approach" in which Primes Become Transformed into a Global Collaborative Grid
- It's Less About What We Can Make – It's More About What We Can Do
NATO-Industry: Recommendations to Improve Situation

• Review of Current Approaches and Mechanisms for Collaboration between NATO and Industry, e.g.
  – Commercial and Legal Aspects re Pre-commercial and Commercial Procurement
  – Identify Business Models; Create Win-Win Situations
  – NATO: Access to Cutting Edge Technologies
    Industry: Protecting IPRs

• Transatlantic Cooperation
  – Technology Sharing, Improve Interoperability, Increase Economy of Scale, Avoid Unnecessary Redundant Spending

• NATO Procurement
  – Support Innovative Technologies/Solutions: Draw on Industrial Expertise
  – Rationalization of R&D Activities within Alliance; Spiral Development
  – NATO-Industry Laboratory Cooperation
  – Deployability / Contractor Support in Operations / Logistics
  – Allow for 80/60 Solutions (While Maintain Technological Edge)
  – Define Common Requirements, Reduce Number of Variants
Final Remarks

- It's About Globalization
- It's About Commercialization
- It's About Budgetary Constraints
- It's About New Businesses and Business Models
- However, It Is Not a "Normal" Market, Customer
- It is a Special Relationship Between Customer and Industry that Requires Special Measures