Industry Overview

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## International Environment

### Environment

- Global Financial Crisis
- Rise of Hybrid Warfare
- Struggle for natural resources; use of energy as a ‘weapon’
- Greater US reliance on allies & coalition partners
- Increased Global Competition

### Customer Reaction

- Program delays/cancellations
- Purchase of ‘pre-owned’ systems
- More risk averse
- Increased special Ops, UAS and border security
- Increased regional conflicts
- Emphasis on energy security, efficiency, and alternative sources
- Need for increased interoperable systems
- Growing commercial and security relations with China and Russia
- Purchase from countries that don’t have US technology release restrictions

### Implications to Industry

- Increased opportunities for legacy platforms
- Opportunities delayed
- Need for intelligent security solutions
- ISR opportunities
- Increase customer demand for multi-mission maritime aircraft
- Opportunity for energy services
- Training and Support opportunities
- Need to work releasability issues to ensure a level playing field
Competitor Landscape

**Integrated Defense Systems**

**AIRBUS**
- Commercial airplanes and services
- A320, A330, A350, A380
- Presence – **UAE** (ME HQ), KSA, Qatar
- Mkt share - 47% current fleet; 62% backlog

**THALES**
- Aircraft and land systems, warships, Control & Communications’ and ISR, security, IT services
- C4I
- Presence – KSA, UAE, Qatar

**EADS**
- Space, satellite communications
- Eurocopter (maintenance center - UAE)
- A330 Tanker; Derivative Aircraft
- Presence – High level relationships – EADS International (UAE, KSA, Qatar)

**BAE SYSTEMS**
- Design and manufacture of aircraft, warships, integrated system technologies, support services
- 3rd largest global defense company
- Typhoon

**FINMECCANICA**
- Design and manufacture of helicopters, sensors, airborne systems, communications systems
- C27J

**Emerging**

**KAI**
- Fighters; Trainers; Upgrades; Mods; R&D
- Presence – No offices but developing strong industry cooperation within the region; 10 10 (Top ten aircraft maker)

**Russia (Almaz-Antei; MiG)**
- Anti aircraft Missiles; Fighters; Rotorcraft; Weapons
- Presence – No offices internationally but becoming a strong competitor.

**Intense Competition**
FMS Process Achievements

- Total Package Approach
  - Material Fielding, Maintenance and Training

- Government to Government Support
  - Military and Operational Planning
  - Deployment Concepts

- Contract Administration
  - USG to Industry

- Access to Depot Level Repair Facilities

**Full Support of U.S. Government**
FMS Process Challenges

Integrated Defense Systems

• Adapting to Ever-Changing Customer Requirements

• Meeting Customer Expectations
  – Processing Time of Request
  – Schedule Flexibility
  – Customization

• Cooperative Strategy for Hybrid Cases
  – Industry and Government Alignment

Timeliness of Completion
Working Together

Integrated Defense Systems

• “One Team” Approach Critical
  – Common Messaging

• Relationships Key to Success
  – Industry-U.S. Government IPTs

• U.S. Government Advocacy Key
  – Technology Release
  – US Advocacy & Hill Support

• Industrial Participation
  – Industry-U.S. Government Cooperation
  – Use of US supply base “Team Approach”

• Support of Existing International Customer Fleets

Working Together to Achieve Customer Satisfaction