

# Increased export

*Increasingly small-to-medium sized defence engineering companies are moving towards achieving a more significant portion of their income from the export market*

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onventionally, any defence engineering company that strived to move beyond domestic supply contracts and/or subcontracting to larger companies needed considerable critical mass in order to ride out a sustained export campaign.

Typically, this would involve the sale of highly value-added products such as aviation or naval assets to client states unlikely to possess the extensive project management skills or know-how of advanced technologies to enable homegrown design or manufacture of such materiel.

Today, however, there is increasing scope for SMEs to take advantage of emerging requirements by many traditional client states of the UK defence industry to help establish an initial defence engineering capability of their own. The onus is shifting from that of simply exporting a given product to that of exporting skills and technology more generally.

From a re-engineering point of view alone, the widespread export of British military hardware to many parts of the world (since the 1960s) naturally opens up many opportunities for extending the life of equipment already in theatre and/or adapting it for new uses.

But such requirements can also often form the basis of more profound commercial relationships. With a number of countries increasingly looking to facilitate the build-up of local, indigenous design/manufacturing expertise, they can be a useful tool for technology and skills transfer.

Many clients thereby look to benefit from the emergence not only of a homegrown repair and overhaul facility, but also from a reduced dependence on imported hardware more generally.

The introduction of new skills and technologies within the defence sector in this way becomes the first step towards, eventually, an advanced industrial competence capable of much more profound and complex development projects - military and, arguably, ultimately civilian, too.

Within the context of partnerships such as these, companies are in an ideal position to foster an

introduction to qualified capabilities including Computer-Aided-Design and Manufacture (CAD/CAM), re-engineering methodologies and procedures, as well as procurement skills.

This has multiple benefits: within the scope of a materiel acquisition project, the customer receives a product specifically designed to cope with local conditions - and gains valuable insights into a range of best practices as employed within the defence industry.

Beyond advanced design and manufacturing this includes important experience of project management techniques conducive to performance and high standards. This relates not just to delivering a superior product but, crucially, also delivering to deadline and on budget.

For the company's part, meanwhile, new business is gained and partnerships for further collaboration down the line are cultivated - meaning that there is scope for companies to develop skills and resources too (as well as diversifying their customer base). This is especially significant given the UK MoD's entirely understandable commitment to drive down costs and streamline its acquisition processes.

Indeed, the UK military community is usually more than happy to aid the expansion and diversification of such companies. Invaluable assistance, advice and contacts from organisations such as the Defence Export Services Organisation (DESO) - in helping to smooth the way through often rather complex defence export requirements - has certainly been proven invaluable in many overseas efforts.

Operating at a more 'grassroots' level means that the defence export process becomes more of a partnership of equals than traditionally has been the case. Because a substantial portion of the cost of a given project is spent in-country and on nurturing a homegrown manufacturing capability - the need for sizeable offset agreements diminishes. The offset becomes inherent to the transfer of industrial skills and technological know-how. Everyone wins.®