

# Our Services Journey

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# BAE Systems

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We are:

- The world's second largest defence company
- Around 107,000 employees worldwide
- BAE Systems delivers products and services for air, land and naval forces
- Plus advanced electronics, security, IT solutions and customer support services.
- Reported sales for 2009 were £22.4 billion
- 40% of which were from support and services

## Changing Environment

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- Market conditions challenging and uncertain here and abroad
- Strategic Defence and Security Review (SDSR) in the UK
- In the US, overall defence spending expected to be cut from 2012
- Decreased demand in the aerospace and security sectors
- Commercial aircraft market continues to be challenging
- Skills shortages

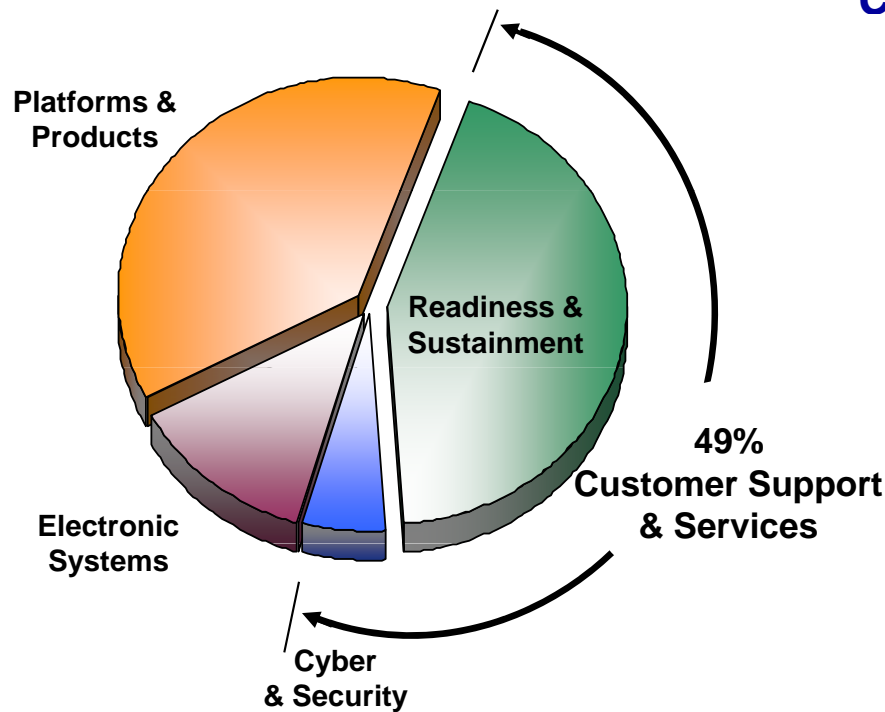
## The Challenge For BAE Systems

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- Strong competition from national and multi-national firms
- Our real challenge is continued growth
- Working as closely as possible with our customers to define, develop and deliver whatever services and support they need.
- Customer requirements have changed significantly
  - Focus on support and service-orientated business models
  - Demands a different mindset, speed, agility and cost-effectiveness
  - Working internationally and side-by-side with our customers

# Meeting Those Challenges

## Half year sales\* by activity



## Customer support and services characteristics

- Multi-year contracts
- Strong incumbent positions
- Intimacy with end-user
- Track record of delivering savings
- Further growth opportunities

**49% of Group sales\* in customer support and services provision**

\* First half 2010 sales

# Support And Services – Broader Scope

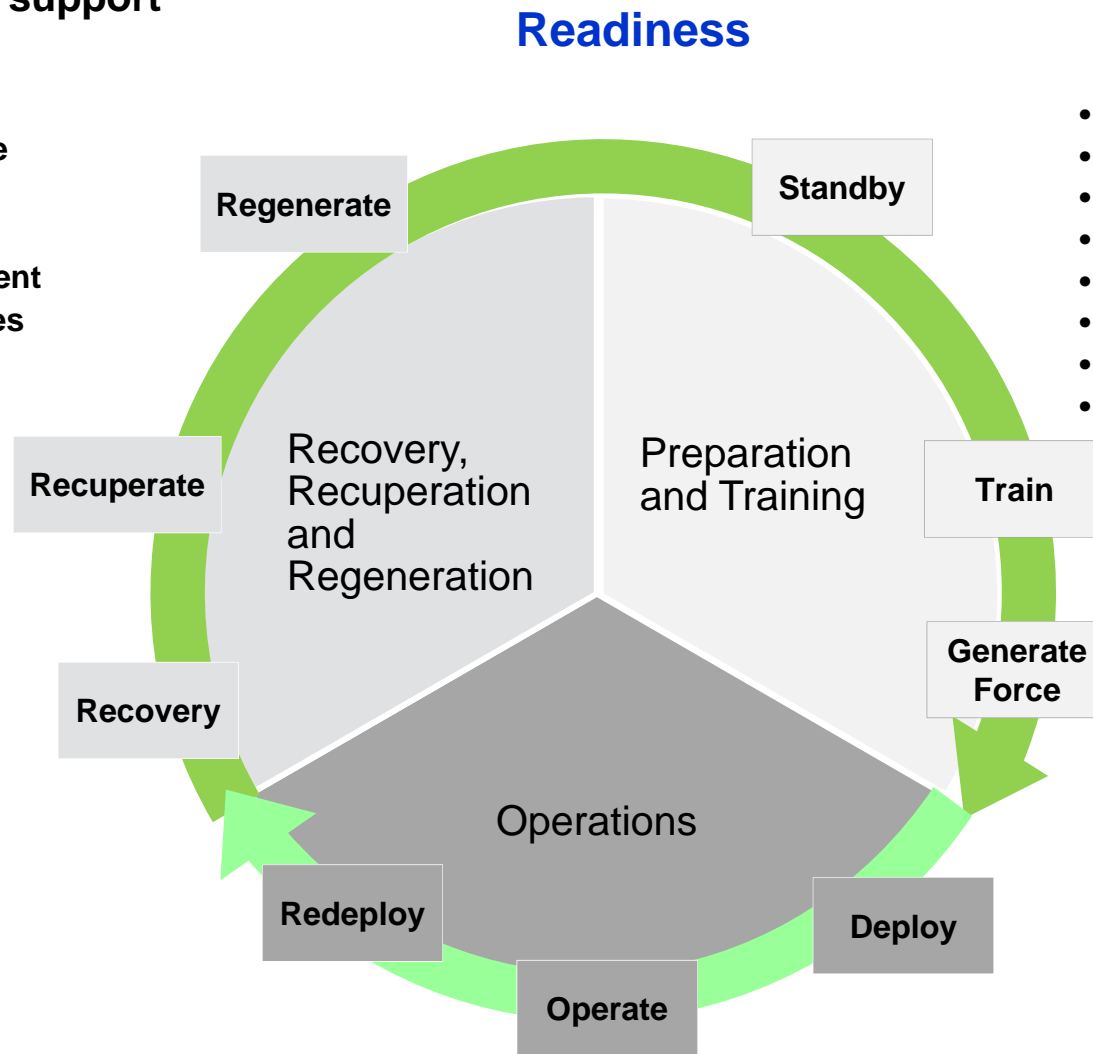
## Sustainment

### More traditional support

- Maintenance / Repair/Overhaul
- Upgrade and update
- Supply chain
- Physical Logistics
- Facilities management
- Engineering Services

### Role of the System & Services Integrator and leading OEMs

- Through life planning and management
- Through life systems integration
- Management of C4I architecture
- Technology management
- Fleet / Force management
- Capability optimisation
- Surplus, conversion, sale
- Sustainability (e.g. Fuel burden)



## Case Study – Military Aircraft

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- Generated savings for the RAF's Tornado GR4 fleet.
- Used this experience to reduce the cost of maintaining the Harrier.
- Have identified and agreed £2.5 billion through life savings with the UK MoD for the Typhoon Availability Service



# The Munitions Acquisition Supply Solution Proposition

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## Aim:

“To ensure long-term security of supply for general munitions at reduced whole life cost from a transformed and sustainable industrial base.”

## Solution:

- Long term contractual arrangement
- Incentivises business transformation and delivery
- BAE Systems invests to create modern agile munitions manufacturing facilities and reduce the cost of supply

## Our Objectives For The New Cambridge Service Alliance Partnership

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- The Cambridge Service Alliance builds on our previous partnership with University of Cambridge
- Pooling skills and knowledge creates value for our customers
- Provides integrated systems and capabilities for our customers
- Meet the needs of our customers, the market and our business
- Looking to partner with academics to invest in the future
- Part of our Skills 2020 campaign
- Ensure the UK has access to world class skills and resources

Thank you  
Any questions?