



AN ARTICLE FROM  
**CSC**  
**WORLD**

## BY THE NUMBERS

2010 A&D Survey: Innovate or Perish



**SUMMER 2010**

BY THE NUMBERS

# A&D SURVEY: INNOVATE OR PERISH

Rebounding from tough times and dealing with increased globalization makes for a challenging business landscape. To remain competitive, aerospace and defense firms must expand into new markets and reshape their workforces, according to the “CSC 2010 Aerospace and Defense Market Survey,” conducted in late 2009 with *Aviation Week* magazine.

Manufacturing companies are trying to bounce back from the downturn in the global economy while adapting to large cuts in defense budgets. Among other key findings from the survey of A&D executives is that companies are placing a sharper focus on creating new value chain networks as they preserve core manufacturing capabilities. The survey concludes that to survive, companies must keep developing innovative products and services.

## Staying ahead of the game

The survey findings reveal more aggressive growth plans are now in play. As illustrated in chart 1, concerns about the lack of major development programs was cited as having the biggest impact on A&D organizations over the next three years.

Global A&D executives are concerned with market contraction and are looking for the best ways to identify and capture new revenue streams and grow profits, if not maintain them. Product innovation is a key driver of new sales and revenues, according to the survey. This means investment in innovation programs will be maintained at relatively high levels, at the expense of cost reductions in other parts of the business.

Commenting on the survey results, Dave Howells, CSC’s managing director, Global Aerospace and Defense, says, “With business being tough sledding over the past few years, the central theme has been across-the-board cost reduction. For the CIO, it has meant laying low and minimizing IT spending. Now that there are definitive signs of economic recovery and growth in the near-term, companies are ready to get the business back on a growth trajectory.”

Even as innovation ranks as a top strategic business objective, the customer remains king, as illustrated in chart 2.

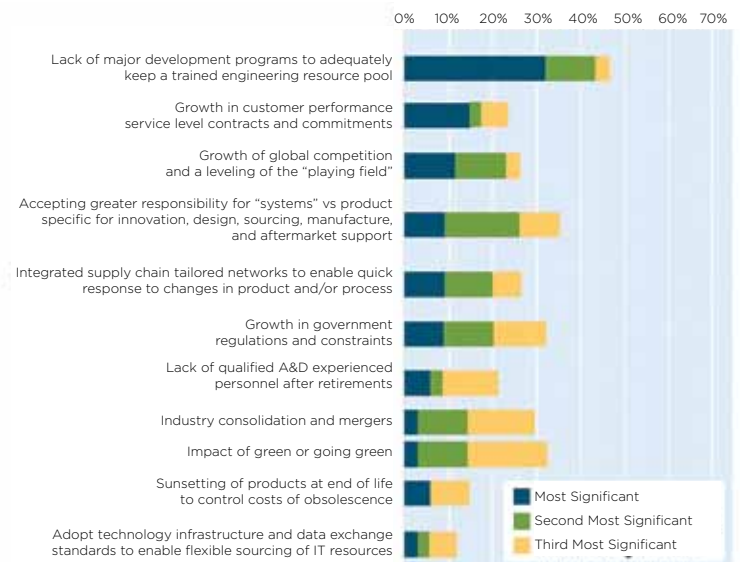
## DEMOGRAPHICS

THE 2010 A&D MARKET SURVEY QUERIED:

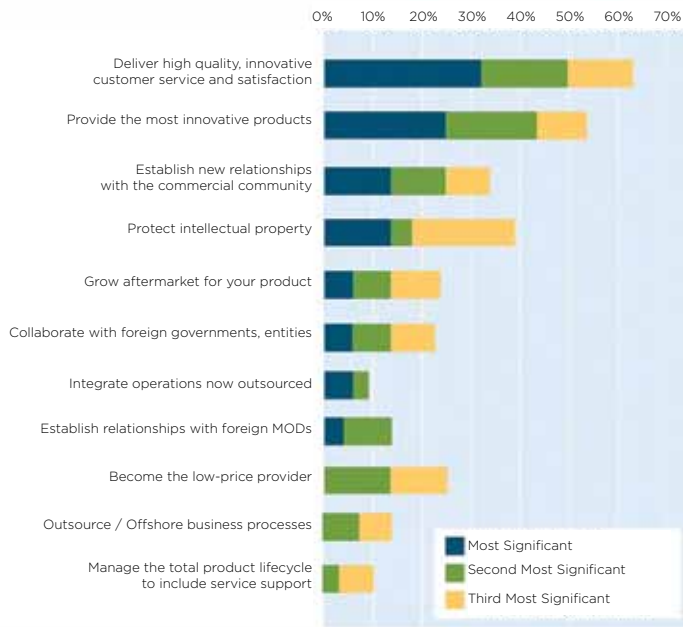
**2,200**  
GLOBAL A&D INDUSTRY EXECUTIVES

**45%**  
C-LEVEL OR DIRECTOR-LEVEL

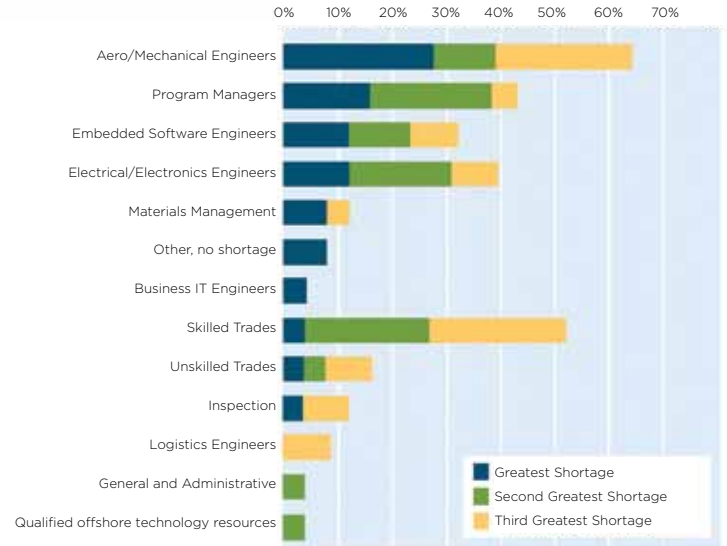
**56%**  
FROM \$1 BILLION-PLUS SIZED FIRMS



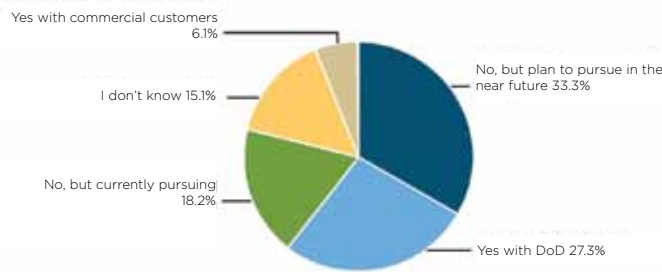
1: Identify the top three A&D macro forces impacting your organization in the next three years.



**2: Rank your three most important strategic business objectives over the next one to two years.**



**4: If anticipating a shortage, please rank the top three disciplines your company will experience the greatest shortfall of qualified employees in the next five years?**



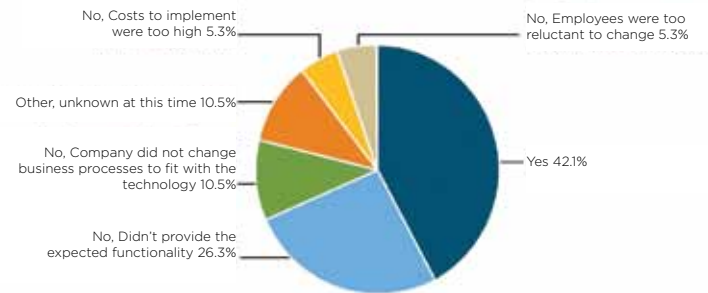
**3: Do you currently have performance-based logistics contracts?**

At the same time, executives expressed a strong desire to preserve product development and production capabilities. Another important industry trend is a shift to performance-based life cycle (PBL) support contracts. Some 85 percent of respondents were either managing a performance-based logistics contract or planning to (see chart 3).

### Maintaining talent

In the area of human capital, the perceived shortage of industry talent is decreasing. In CSC's 2006 A&D survey, 70 percent of respondents said there would be a shortage of qualified workers within the next five years, and in late 2009, when the survey was conducted, that number dropped to 24 percent. Still, there is a continuing need for engineering talent. As evidenced in chart 4, executives anticipate a shortfall of specialized engineers and program managers over the next five years.

Increased supply chain network complexity, a progression to performance-based contracts, and trusted collaboration are creating a greater focus on the use of technology in the A&D



**5: Did the most recent IT project deliver the value expected?**

industry. To achieve success in the global workplace, companies must improve their business models and processes, and effectively leverage the use of enabling technology to establish collaborative commerce. Finally, IT must deliver. Survey respondents were split on whether their most recent IT project delivered value (see chart 5).

Howells concludes, "The intent of the survey is to provide the A&D industrial base and its executives with a set of meaningful questions and results that represent the current thinking and that will allow for improved decision making. For CSC, we are ready with our deep understanding of the A&D business, models and processes and the enabling and compelling technology to take the client where they need to be." ■

Download the full report at: [www.csc.com/A&Dsurvey\\_2010](http://www.csc.com/A&Dsurvey_2010).



BUSINESS SOLUTIONS  
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## **About CSC**

*The mission of CSC is to be a global leader in providing technology-enabled business solutions and services.*

*With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients, and improve operations.*

*CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor-independent, delivering solutions that best meet each client's unique requirements.*

*For more than 50 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.*

*The company trades on the New York Stock Exchange under the symbol "CSC."*