



AVIATION WEEK Executive Summit

Santa Fe, New Mexico

July 27-29, 2009

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The AVIATION WEEK Executive Summit convened July 27-29, 2009 to look at three critical issues for the Aerospace and Defense Industry:

- **Current innovation capability and actions to preserve/build innovation;**
- **How best to assure global alliances;**
- **Leading industry transformation before crisis.**

The Summit is the result of numerous AVIATION WEEK Executive Roundtables and a common belief among several key industry leaders that now is the time for industry transformation. While the economy has pushed the industry into a down cycle, aerospace and defense has been less diluted than many other industries. For that reason, leaders believe it is time to push forward with industry transformation, before the usual “near death” crisis emerges.

The Summit, sponsored by Siemens PLM Software, was designed to encourage exchange of ideas prompted by the thinking of leaders in the areas of business transformation and innovation/entrepreneurism, coupled with analysis of the coming five to 15 years by industry investment analysts. Hosts for the summit were Christopher M. Chadwick, President-Boeing Military Aircraft, and Anthony L. Velocci Jr., Editor-in-Chief, Aviation Week & Space Technology.

Working with Chadwick and Velocci to plan the summit and provide background research materials were Charles T. Burbage, EVP/GM F-35 Global Integration, Lockheed Martin Aeronautics Co.; Michael Cosentino, VP EADS N.A.; David V. Pauling, former Assistant Deputy Undersecretary of Defense Materiel Readiness and Maintenance Policy; Gene Fraser, VP and Deputy, Aerospace Systems, Strike and Surveillance Systems, Northrop Grumman Corp.; Michael C. Gass, CEO, United Launch Alliance; Jack Grucza, VP Performance Excellence, BAE Systems; Steve Grundman, VP and Director of Aerospace, Defense and Transportation, CRA International; Carole Hedden, AVIATION WEEK Project Leader; Tom Kilkenny, GM Global Aerospace & Defense Industry, IBM; The Honorable Kenneth J. Krieg, former Undersecretary of Defense AT&L and Founder, Samford Global; Nan Mattai, SVP Engineering & Technology, Rockwell Collins; Timothy Nichols, Man. Dir. Aerospace & Defense Global Marketing, Siemens PLM Software; Charles T. Robertson, VP Modifications and Upgrades, Boeing Integrated Defense Systems; and David Shirk, EVP Marketing, Siemens PLM Software.

Guest speakers included:

Kenneth J. Krieg, former Undersecretary of Defense for Acquisition, Technology & Logistics and founder of Samford Global; Mr. Krieg's comments focused on the aspects of change within DoD, what he learned in the process, and reflections on the impact of DoD change on industry during his tenure.

Nancy DeViney, VP-Values & Organizational Capability, IBM; Ms. DeViney's presentation walked Summit attendees through IBM's massive transformation in the 1990s, followed by development of a continuous evaluation and change pattern instilled as part of the IBM culture.

Alan Ladwig, Senior Advisor to NASA Administrator Charlie Bolden, and **Dr. Charles Elachi**, director of the Jet Propulsion Laboratory, discussed innovation as a common thread to creating economic opportunity and the challenges in assuring an innovation environment today and in the future.

Elon Musk, founder of Pay-Pal and CEO of Tesla Motorcar Co. and Space Exploration Technologies; Mr. Musk shared his experiences in establishing four new business ventures in this decade, the challenges, what he has learned, and where he believes next opportunities exist.

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Heidi Wood, Managing Director-Morgan Stanley, and **Wolfgang Demisch**, founder of Demisch and Assoc.; Ms. Wood and Mr. Demisch provided their overview of the industry's current standing as part of the overall economy, future threats and opportunities, and their concerns about performance in the future.

Summit attendees participated in a series of roundtables.

Risk/Issues/Opportunities – the analysis was conducted across the three topic areas of innovation, global alliances, and industry transformation.

Strategy – based on the RIO analysis, strategies for all three areas

Action Planning – development of key actions to move forward on assuring innovation, supporting global alliances and catalyzing industry leaders to take pre-emptive actions to shift maturing industry into a mode of development/building in the business lifecycle pattern.

Following is a summary of the top-line actions to be addressed during the next 18 months. Participants have agreed to volunteer and recruit others to serve on the task force and working groups defined in these actions.

ESTABLISH A BOLD AND NOBLE VISION FOR THE INDUSTRY, INCORPORATING

- Fact and data-based analysis of industry status with regard to workforce, program performance, innovation, industrial base and infrastructure
- Define An Innovation Map/vision for the industry to include What (Issues/Societal Needs require scientific/technological resolution), Who (the workforce), How (the infrastructure and tools, to include an incubation capability)
- Resolve some of the barriers to effective global alliances/partnerships resulting in missed economic opportunities

NEXT STEPS

- Establish Working Group to define current industry status
 - Establish framework to include data requirements
 - Analyze status
 - Provide status to stakeholders to assure proper alignment (govt. agencies, commercial customers, space stakeholders)

- Gain input on future vision with regard to innovation requirements
 - Define innovation opportunities
 - Define infrastructure
 - Provide a plan to attract next generation of innovators

- Convene stakeholders and subject-matter experts to establish
 - Secure communications to enable international partnering and collaboration
 - Rationalized import/export (ITAR) process and establish cost of compliance, missed opportunity

- Convene stakeholders and subject-matter experts to establish
 - Targeted supplies/components for development of common specifications
 - Identify common standards to drive efficiency supportive of joint and global alliances and teaming across all sectors; coordinate with trade associations and agencies.

About Siemens PLM Software

Siemens PLM Software, a business unit of the Siemens Industry Automation Division, is a leading global provider of product lifecycle management (PLM) software and services with nearly six million licensed seats and 56,000 customers worldwide. Headquartered in Plano, Texas, Siemens PLM Software works collaboratively with companies to deliver open solutions that help them turn more ideas into successful products. For more information on Siemens PLM Software products and services, visit www.siemens.com/plm.

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