



Overview

Precision Engagement Future Operations

An Industry Perspective

Challenges and Opportunities

*Providing the Warfighter timely, effective and
affordable Mission Solutions that span the
breadth and depth of the Battlespace*

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Access



Locate



Identify



Track



Navigate



Communicate



Attack

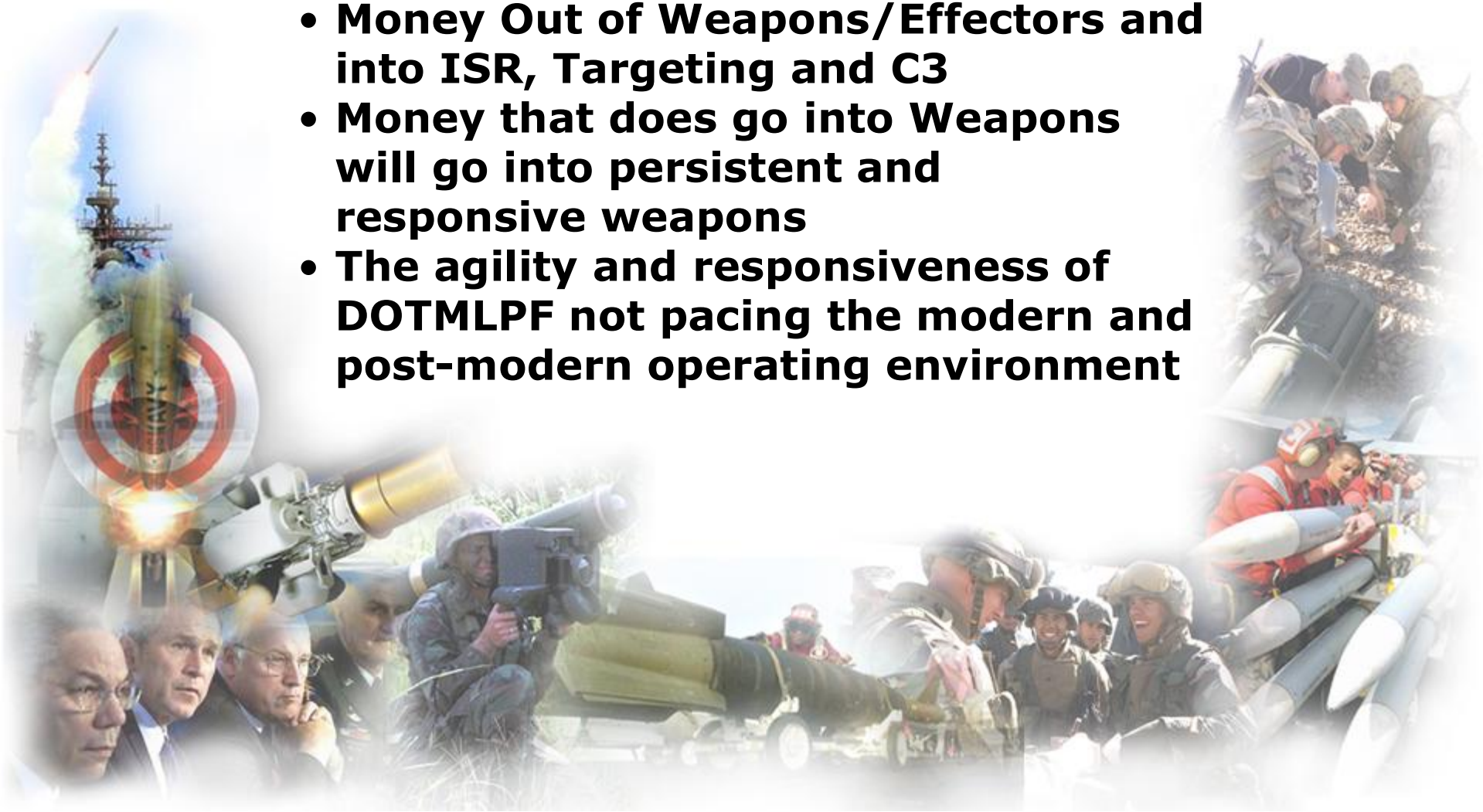


Assess



Outline and Overview: Three Macro-Trends

- **Context and why it matters**
 - A no-nonsense industry perspective
- **Money Out of Weapons/Effectors and into ISR, Targeting and C3**
- **Money that does go into Weapons will go into persistent and responsive weapons**
- **The agility and responsiveness of DOTMLPF not pacing the modern and post-modern operating environment**



Context: Ways, Means & Ends

DEPARTMENT OF DEFENSE



Training

Readiness



Weapons Stockpiles



Operational Availability



Qualified Personnel

DEFENSE INDUSTRY

Certainty Valued Over "Irrational Exuberance"

$$\text{Shareholder Value} = (\text{Growth} \times \text{Margin} \times \text{Cash Conversion})^{\text{Goodwill}}$$

PRECISION ENGAGEMENT STRATEGIC BUSINESS AREA



- Focus on the Warfighter as Customer 1
 - Turn 80% Mission Solutions fast
- Functionally span ISR, Targeting, C3 and Effects

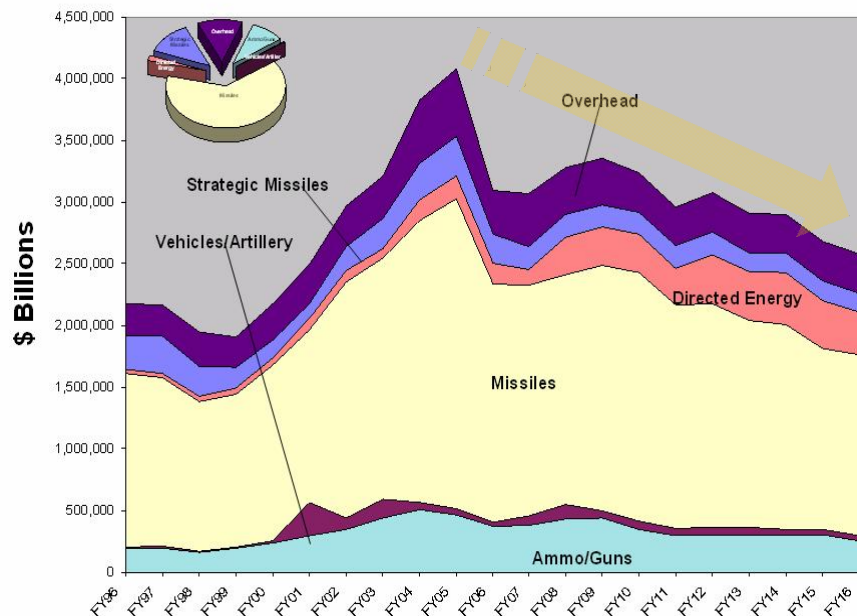
Ends: Ensure the strength & security of the United States through Global Stability

Goodwill

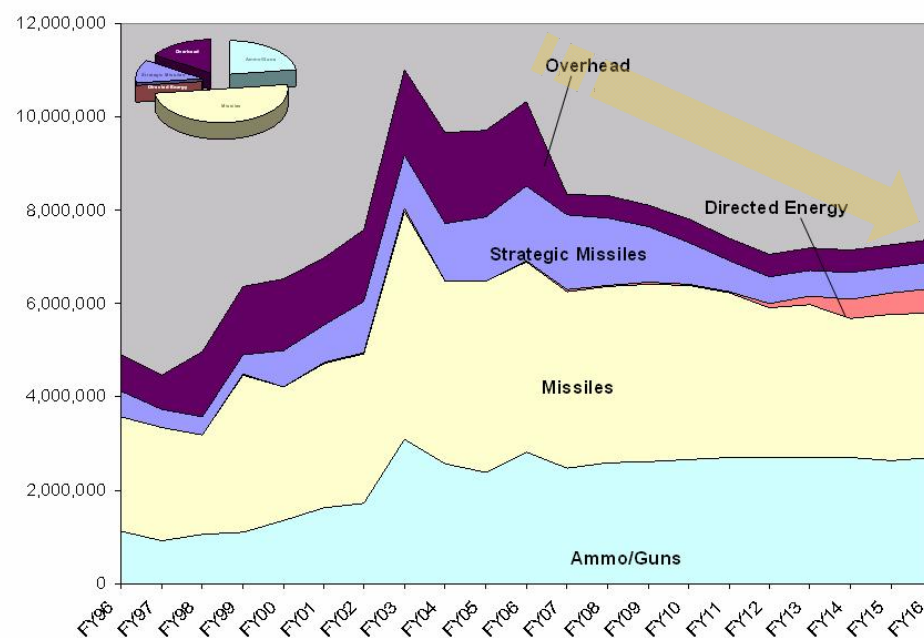
- Goodwill is defined as the value of the business in excess of its owner's equity
 - The value placed on intangibles assets, such as people, knowledge, relationships and intellectual property, is now a greater proportion of the total value of most businesses than is the value of tangible assets, such as machinery and equipment
 - The creation and management of intangible assets is often essential to long-term success
- Necessary but not sufficient components of Goodwill
 - Reliability
 - Predictability
 - Reputation
 - Ethics at the bottom line

Empirical Data: Less for Weapons, More for the Rest

RTD&E

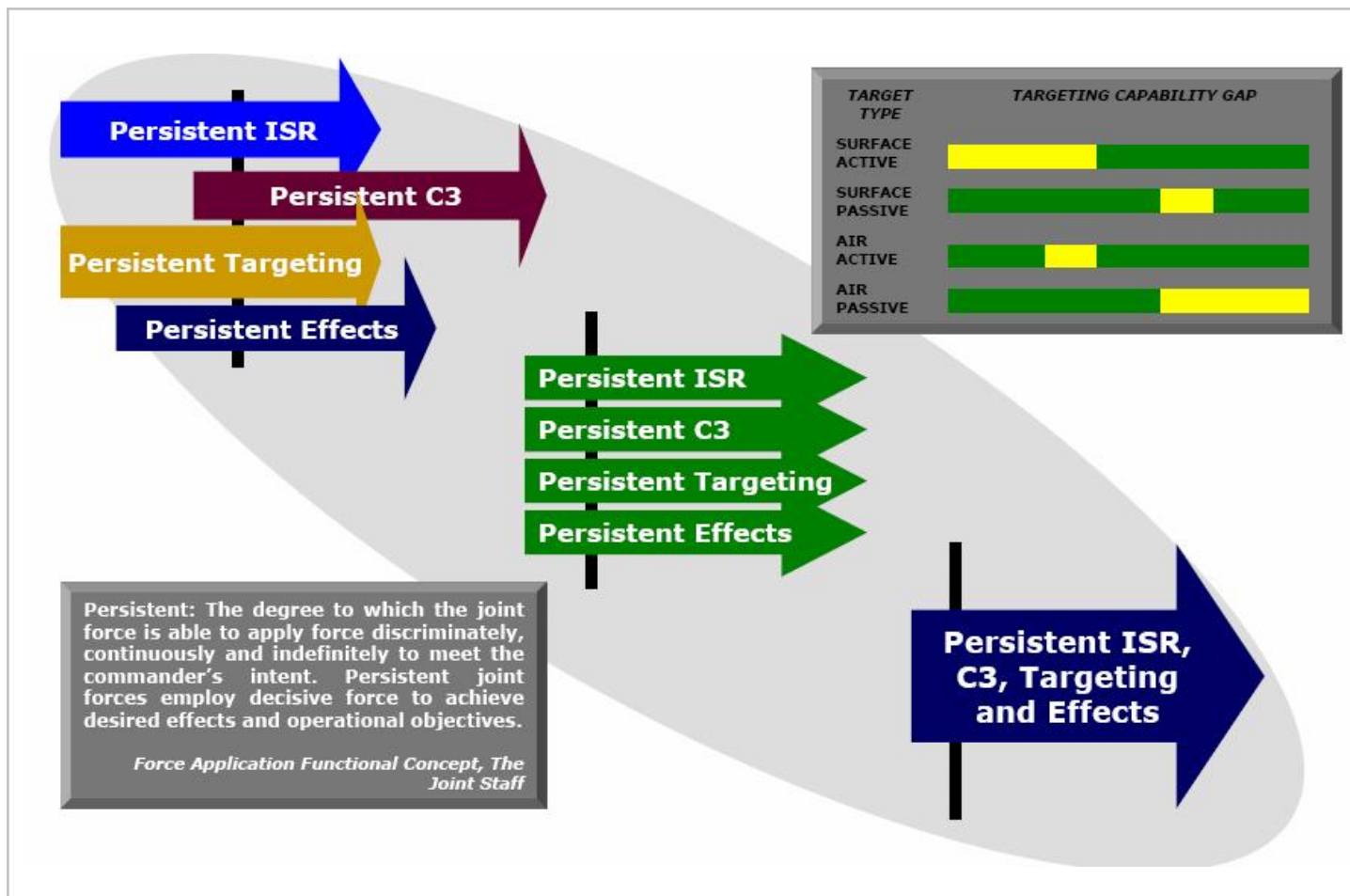


PROCUREMENT

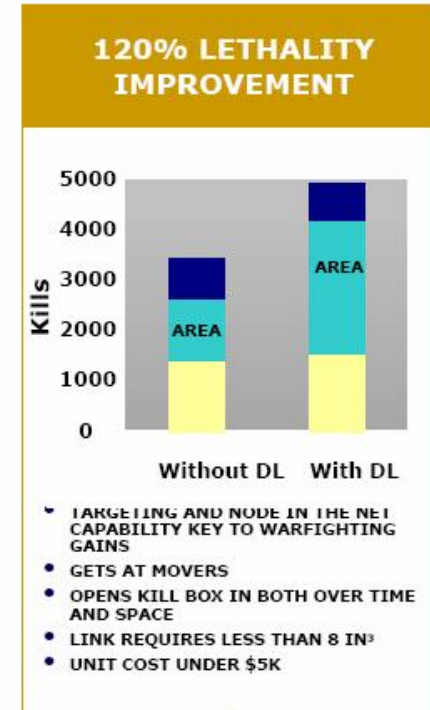
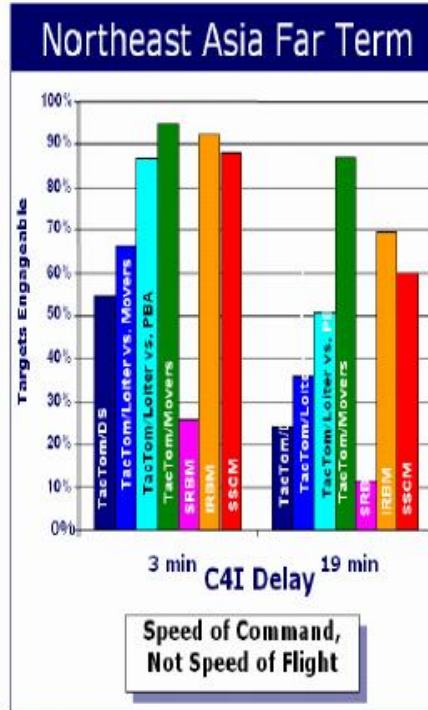
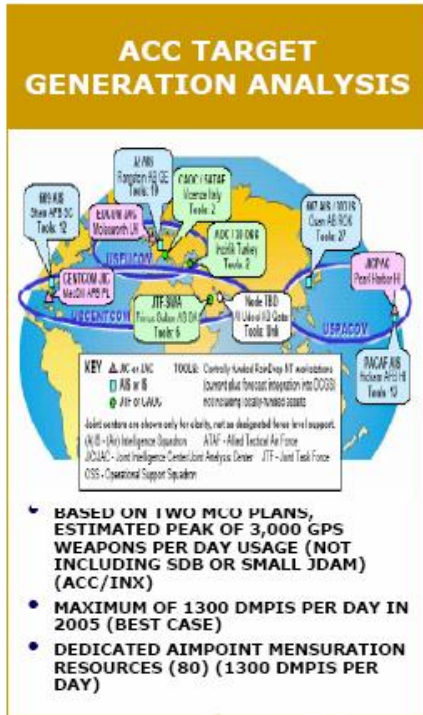


Growing Gap Between DOD TOA and DOD Weapons Acquisition and RDT&E

A Shift of DoD Resources From Effectors to ISR, Targeting & C3



Analysis, M&S Demonstrations and Real-World Ops Confirm



Theoretical Data Supports an Accelerating Trend

Significant Per-Round Lethality Improvements

- Generate targets in theater and in volume
- Process and distribute those targets fast and forward
- Act on those targets with immediacy

Persistent ISR,
C3, Targeting
and Effects



SENSORS AND WEAPONS THAT ARE TRULY
'Nodes-in-the-Network'

Bottom Line: Spend 'The Next Dollar' on ISR&T, C3 & Weapons Mods to Exploit

Growth Through ISR, C3 and Targeting: Implications for Industry

- Position based solely on weapons portfolio increasingly risky
- Even an enterprise focus might risk not bringing 'Best-of-Breed-Across-the-Effects-Chain' to the Warfighter
- As most significant M&A opportunities already realized, might be entering an era of global partnerships
- Cost per round must decrease (or at least level off) to reflect investment in networks

Follow the Money

Move to Responsive PE Mission Solutions

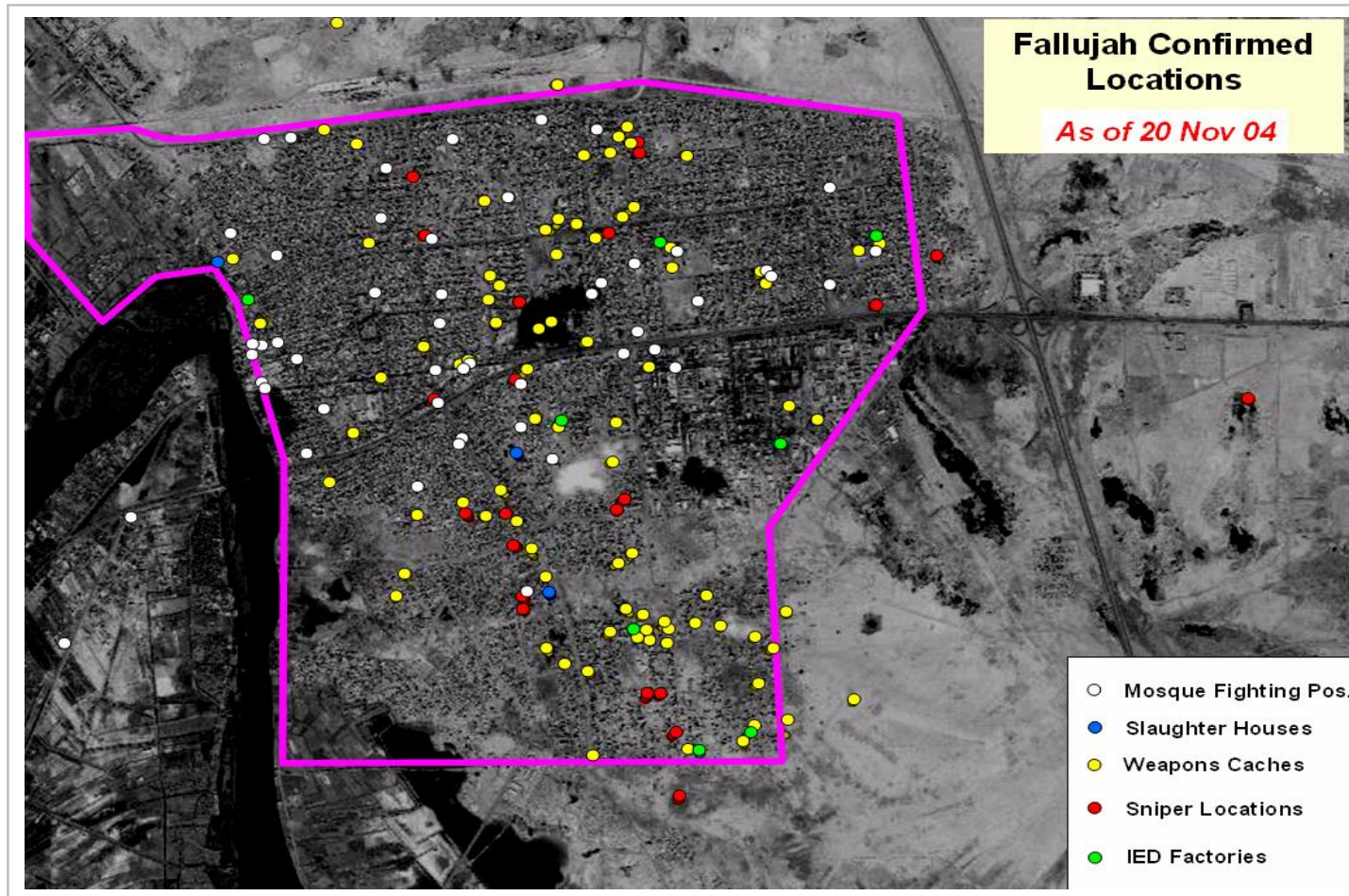


- **Responsiveness**
 - *Precise*
 - *Measured*
 - *Persistent*

Warfighter Capability Gap

“Precision cannon artillery delivered munitions to attack hostile forces in urban areas/complex terrain while minimizing collateral damage.”

The Battlespace



Non-linear, Non-contiguous Challenge

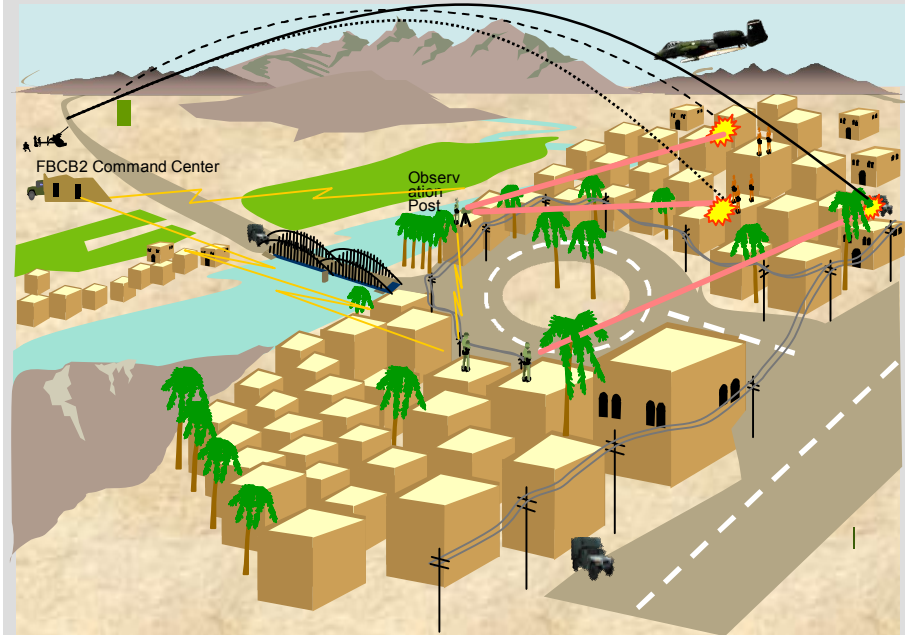
Fire Support Opportunity: Alternatives Examined

IN IRAQ TODAY



1. A/C precision fires for the majority of operations
2. Weather and A/C availability control Time-to-Kill
3. Extended execution timelines from sensor to shooter – between 20 to 30 minutes.
4. No persistent and precise indirect fires capability.

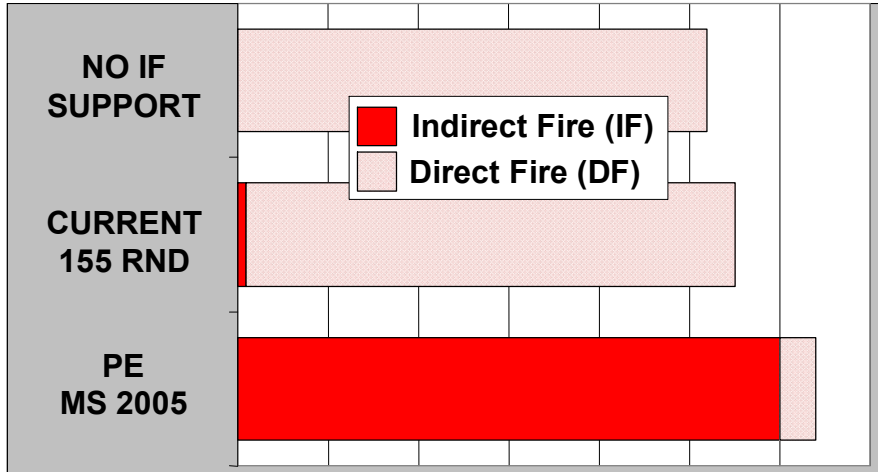
PRECISION ENGAGEMENT MISSION SOLUTION 2005



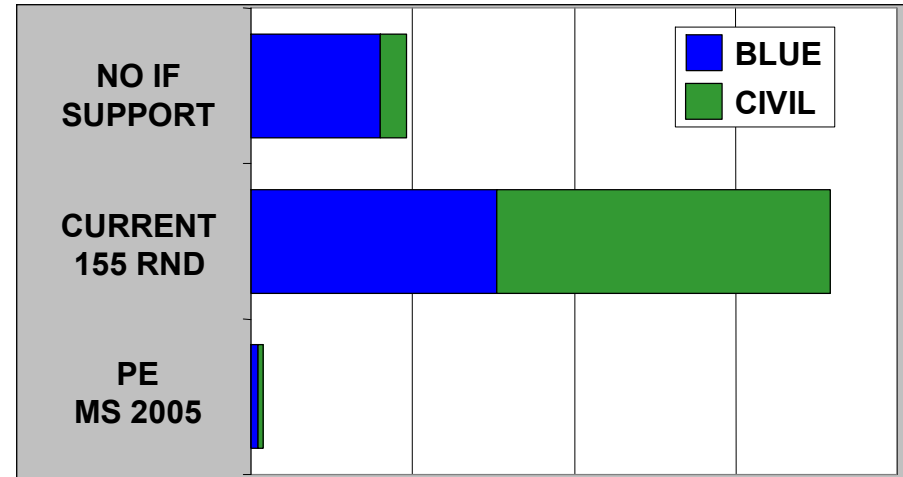
1. Long range precision fires in adequate volumes to support real-world USMC operations.
2. Target coordinates transferred by machine to machine interface within seconds.
3. Execution timelines from sensor to shooter greatly compressed.
4. Connected to AFATDS fires network.

Results Summarized

MOE I: MAXIMIZE IF THREAT KILLS



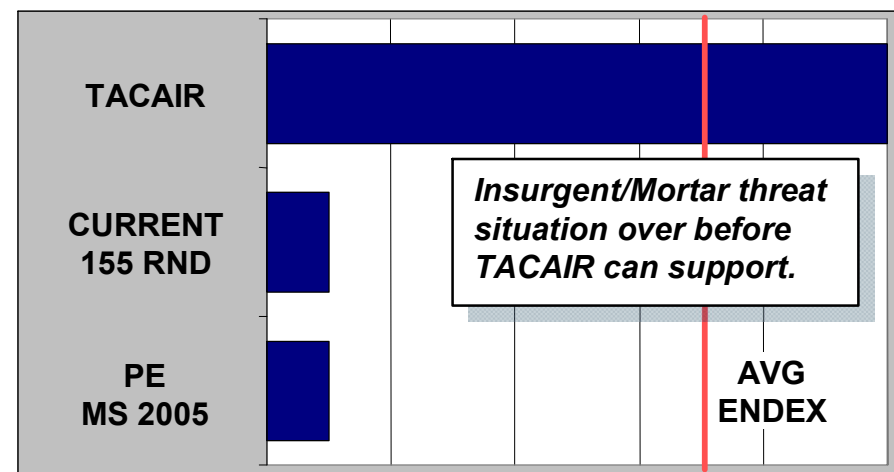
MOE II: MINIMIZE LOSSES



MOE III: MINIMIZE COLLATERAL DAMAGE



MOE IV: MINIMIZE RESPONSE TIME



Responsiveness Through Enhanced Persistence: Implications for Industry

- Precision
 - Decreasing Opportunities
- Measured
 - Smart fusing and in-flight re-programming
- Persistence through loiter
 - Pace advances in ISR, Targeting and C3
 - Significant third-party issues
 - Significant technical challenges
- Persistence through being there
 - Land-based focus
 - Re-think effective and affordable volume fires

Challenges are Evolving: Requires a Going Forward Perspective

DOTMLPF: Unsynchronized Transformation



Government Contracts

Navigating through the complexities of government contracts requires more than a good compass and a little luck. It takes a team of attorneys with experience in representing companies in government contract matters, like the lawyers of Nelson Mullins.

The Nelson Mullins Government Contracts Group works with clients to ensure successful government contracting. The skills of Nelson Mullins attorneys are not restricted to a particular type of government or company, and firm attorneys have represented a variety of vendors in venues throughout the United States.

It is a rare opportunity for a company to spend its legal fee budget to grow revenue, but the goal at Nelson Mullins is to represent clients in their quest for more government contract awards. Group attorneys learn the strengths of a client's business in order to offer more valuable assistance. They review solicitation documents, proposals and bids for responsiveness, and assist in negotiations when such assistance would likely enhance a client's chance for receiving a critical and profitable contract. Additionally, Nelson Mullins attorneys assist in negotiation and litigation when necessary to protect and serve client interests. Group attorneys serve as national counsel to clients, retaining local counsel only when necessary to protect the best interests of those clients. With a comprehensive database of state procurement laws and regulations, Nelson Mullins attorneys often provide prompt responses to client needs and inquiries. With a

The Trailing Edge of Transformation

Doctrine, Organization, Training, Materiel, Leadership And Education, Personnel And Facilities

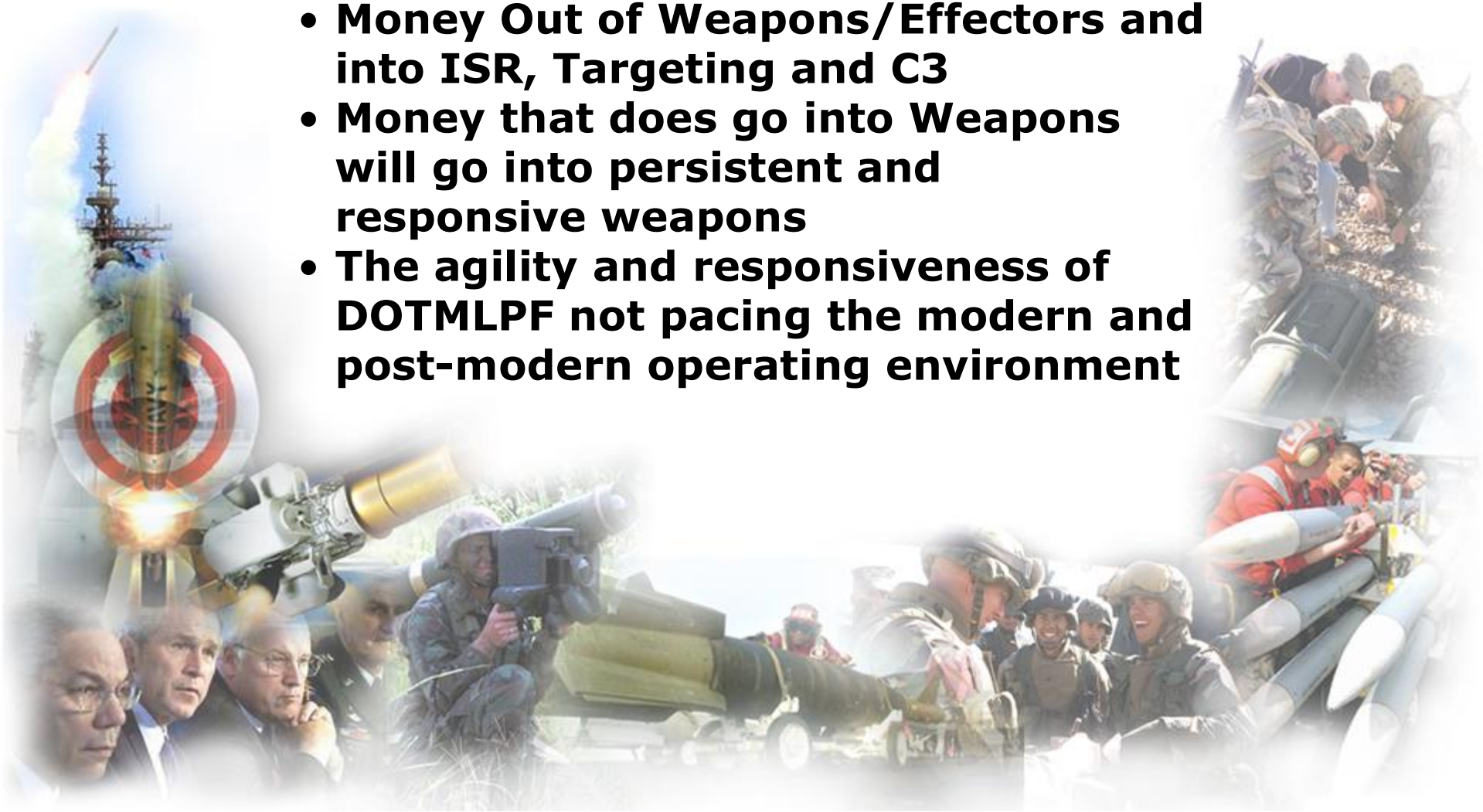
Unsynchronized Transformation: Implications for Industry

- Opportunities
 - Performance Based Logistics (+)
 - Fee for Service
- Challenges
 - Services & Contractor: Seam between required competencies
 - Fee for Service Value Stream

Operators & Industry Partners May Have to 'Lead-Turn' The Money

Summary

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