

NDIA Munitions Executive Summit

April 7, 2015



NOVATECH
Innovative Technologies International



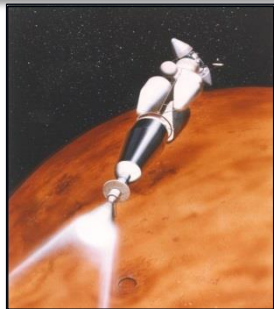
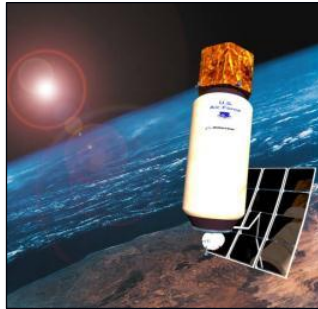
OVERVIEW – General Information

- ✦ **Founded in 1994, NovaTech is located in Lynchburg, VA (3 to 4 hours from Washington, DC, Charlotte, NC and Norfolk, VA)**
- ✦ **35 Employees, 27,500 ft² Facility**
- ✦ **Sales of \$8M, Small Business Classification, S-Corporation**
- ✦ **Quality Assurance Program Compliant with ASME NQA-1 and 10CFR50 App. B**
- ✦ **Registered with US Dept. of State (ITAR) and US/Canada Joint Certification Office**

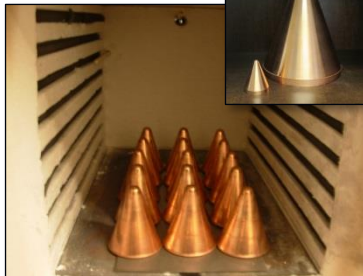


OVERVIEW – Company Organization

AEROSPACE



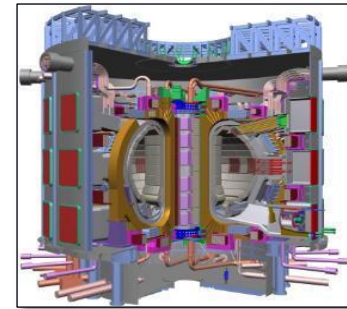
DEFENSE PRODUCTS



NUCLEAR



INDUSTRIAL & AUTOMATION



OVERVIEW – Defense Products Group

✦ Munitions Components

- ✦ NovaTech supplies LAP facilities, national labs, prime contractors and sub-prime contractors.
- ✦ Shaped charge liners, small to large, various materials and alloys.
- ✦ Warhead critical components (no energetics).
- ✦ Production management (including subcontracted suppliers).
- ✦ Design, manufacture and deployment of production tooling and inspection systems.



Current Business Environment - Defense

- ✦ **More frequent contract stoppages (technical clarifications, paperwork and documentation changes, etc.).**
- ✦ **Many stops are unnecessary and increase contract duration (equates to additional uncompensated cost).**
- ✦ **Frequent reorganizations (customer and Government) = reeducation on product and process details.**
- ✦ **New personnel impose new, different, or unreasonable requirements.**
- ✦ **Squeezed for price but absorbing increased requirements (requirements have become moving targets).**
- ✦ **With uncertain quantities and schedules, long-term planning is difficult (no different than for large companies).**

NovaTech Strategy in Current Environment

- ✦ **Hired 2 full-time employees in past 2 years for new business development only (more difficult to find work for all of us, including small businesses).**
- ✦ **Cross-training to serve new customers, as well as existing customers whose markets are changing.**
- ✦ **Increased caution when spending for program / product improvements, especially for unknown future.**
- ✦ **Push back when we can to requests/requirements that are out of contract scope.**
- ✦ **More time training key subcontractors / suppliers on additional requirements that are being flowed down.**

How Can the Government Help?

- ✦ **Reduce barriers to entry for small business.**
- ✦ **Decrease “QA by committee” actions. Identify and empower decision makers.**
- ✦ **Correct / Update / Improve technical data packages while resources are available and procurement activity is low.**
- ✦ **Reduce mass flow-down of all requirements. Decide which requirements matter, impose them, and then enforce them.**
- ✦ **Give MRB authority back to contractors.**
- ✦ **Paper should support the product, not vice-versa.**
- ✦ **We applaud the better practices the Government has implemented, and recognize we all must continuously improve and improvise in our current environment.**