

Extracts from an address by Minister for Defence Equipment, Support and Technology, Peter Luff MP at the Centre for Defence Enterprise 27 March 2012

The CDE is entering a new phase.

The White Paper 'Defence Technology Through Support' has already announced that CDE will have an extended remit to cover the UK's fast growing UK security sector, which is one of the most diverse and technically advanced in the world.

The CDE will be focusing a lot more on SMEs in practical ways, such as organising SME friendly events and engagement programmes, as well as undertaking a mentoring role, with additional funding available.

Walking around this morning's exhibition I've again been struck by the range and inventiveness of the ideas on show.

From the modular robotic systems by Robosynthesis, to the extraordinary e-textile developed by Intelligent Textiles which distributes electrical power and data without the need for cables.

And which I'm told, by the way, currently holds the Guinness World Record for being the world's most advanced soldier system uniform.

Supporting our people is about making sure they are well equipped with these future battle winning capabilities.

And it's also about making sure we provide them with the very best medical care and rehabilitation support if they are injured in the line of duty.

This is another important strand of CDE's work.

The Frazer-Nash adaptive bike on display here today is the prototype of a design, with the final version now in use and proving a huge success at Headley Court.

It's great to be able to see all this kit first hand.

And on a personal level it's also been a very welcome opportunity to meet the men and women who are the brains behind these innovative solutions to challenging questions.

These are individuals who come from a range of backgrounds and disciplines, a number of whom had never had any contact with Defence until they started working with CDE.

And that's really important. I want CDE to reach out beyond the "usual suspects" to bring fresh thinking to Defence.

What they will all share, however, is a passion for innovation. And a determination to see their ideas developed and out there helping our Armed Forces.

To all our exhibitors here today I'd just like to say 'Thank you' for bringing your ideas to Defence.

Your solutions are making a vital contribution to our defence effort.

But I am determined we should not rest on our laurels.

Role and value of CDE

Today I want to talk about why the work of the CDE is so important. And about our plans to take it forward on to the next phase.

As we've seen today, Defence is a sector with a lot of potential for people and companies with a talent for invention.

CDE unlocks that potential. It acts as the entry point for new science and technology providers.

And as a hub and first point of contact for SMEs, academics and others who want to know how to pitch an idea.

But how does the CDE add value for MOD?

The answer's simple - it gives us reach into areas of fast moving technical innovation.

On an area such as maritime innovation, for example, which CDE launched as an open call at the end of January.

CDE held a briefing on a range of technical challenges - from improving navigation capability of unmanned underwater vehicles to next generation submarine sensors and improving the security of data on submarines.

Or how best to take forward new ISTAR solutions. Recent conflicts have shown us just how vital this issue is.

Safeguarding our nation and our nation's interest covers a huge spectrum of activity and effort. The work of CDE reflects that.

It's nearly four years ago - May 2008 to be exact - since the CDE was launched.

It was originally the brainchild of Paul Drayson - a former Minister for Defence Equipment under the previous Government. [Lord Drayson was Min DES from 2004 to 2007 and 2008-2010]

I would like to take this opportunity to pay tribute to Paul.

As an engineer and entrepreneur he had a deep rooted understanding of just how vital innovation was when it came to delivering cutting edge solutions for defence. He played a major role in raising the profile of science and technology across the MOD. Although he must have been disappointed to see S&T fall as a share of MoD's spending - something I hope we've now put right. Paul was instrumental in the setting up of CDE. He knew that if Defence was to be able to exploit new and emerging technologies - which it had to, to meet the challenges it faced - the department would need to be proactively reaching out to people with the ideas. The sort of people who very often weren't aware that their ideas could help Defence. To do so it would need to be more accessible - and to be seen to be more accessible. Paul Drayson was absolutely right. And that is why the CDE was set up with three main aims: To provide visibility of the MOD's requirements To inform and support new supply networks And above all to widen the MOD's supplier base I think we would all agree that this is an organisation which has more than lived up to these founding principles. Since its launch the CDE has established a reputation for reaching out across a very wide spectrum of the engineering and scientific community. It's a dynamic hub, running open and themed calls on key sectors, as well as seminars and workshops. And it holds regular surgeries - 'one to ones' - where individuals and companies can get personalised guidance on what the MoD is looking for, and practical help on how to pitch an idea to us. The results show that this approach has worked - to date over 3,000 proposals have been received. Research contracts awarded to date are worth a total of over £23.5 million And today marks the award of the 500th contract - to ITSUS, an SME based in Wales which is working to improve network capacity for military operations where bandwidth is a scarce and valuable commodity. This is one of the Holy Grails of Defence - a really central challenge. The contract, worth £104,000, is on top of a previous £50,000 CDE contract. ITSUS will be using the funds to look at how existing systems can be used more efficiently, and give our forces an enhanced tactical advantage. You'll be hearing shortly from Jonathan Byrne. Jonathan, as Head of CDE I understand that you often advise companies when they're pitching to MOD that they need to make sure their solutions focus on 'explicit deliverables' and 'compelling outputs'. I commend this practical and no-nonsense approach. As far as I'm concerned that pretty well encapsulates the urgency and relevance of what we're looking for. The CDE successfully cuts through a lot of the red tape. And in very practical ways. Companies can get advice from the CDE team in Harwell, submit their research proposal online and track its progress. Also - and this is particularly important for SMEs - a proposal can be assessed in around 25 days, though on occasion it will take as little as 15 days. The CDE demonstrates that Defence is open for business - and is hungry for ideas. White Paper - SMEs and boosting the role of CDE I want to build on the significant achievements of the CDE. And see even more of these ideas and concepts becoming mature products which contribute to battle winning capability. And that is why boosting the role of CDE is one of the deliverables of our recent White Paper 'National Security Through Technology.' The White Paper places technology at the heart of our Defence Equipment and Support effort. It has to. Exploiting new and emerging technologies is central to making sure our Armed Forces have the battlewinning capabilities they need. We believe the SMEs have the agility and innovation required to deliver these solutions. And at the best possible price for the taxpayer. With rapidly changing technologies, we will often find solutions to our

challenges not among the big beasts of the defence jungle, but among the smaller, more agile businesses that think quicker and react more immediately to change, challenge and opportunity.

And that is why opening up more of our business to SMEs is another commitment from the White Paper.

It's not just because we agree with the wider governmental growth agenda. It's because we absolutely need SMEs to deliver our outputs. To solve our problems. To keep our people safe.

We are making progress.

In fact, SMEs are currently winning 42% of MOD's equipment contracts.

In financial terms that's around £1 billion of new business a year.

And many more SMEs are contributing to Defence and Security programmes as sub contractors.

However, there is more we can do.

For example, that is why we'll be taking what we call an Open Procurement approach.

This approach will focus on ensuring there's an emphasis on 'open systems' factored in to our requirements.

It will mean there's scope for SMEs to offer the kind of modular systems which enhance major weapons and platforms.

It will also maximise the opportunities for SMEs at Prime and Sub-contract level.

And a focus on exportability across our equipment programme will open up new markets for your products.

It's essential that SMEs - whose issues are often very different from those of the Primes - have their own platform within the defence industry to engage with the Department.

That's why I have established a dedicated SME Forum which addresses the concerns of smaller companies. I chair these meetings personally.

They are a really useful way of getting together with industry to address the kind of challenges some of you here may be facing - on issues such as IPR for example.

We identify issues that MoD needs to address and which the SMEs themselves need to think about too.

ADS are members of the Forum.

Taking CDE to the next level - SMES and active engagement

Championing SMEs requires us to go out of our way to encourage and champion greater pull through of innovative ideas into applications and contracts.

And that is why the White Paper highlights the need to - and I quote: 'enhance the role of the CDE, such that it works more closely with the SMEs that it funds, including the facilitation of opportunities to engage with prime contractors to increase the likelihood of exploitation of the most innovative outputs.'

This means taking CDE to the next level.

In broadening the reach of CDE to address both defence and security markets, as well as deepening its support to new entrants into the defence.

Or, in the words of the White Paper 'enhancing exploitation mechanisms between CDE and our suppliers.'

We will do this with an active focus on SMEs, and on implementing an active "SME friendly" engagement programme.

There are three parts to this SME initiative.

But what they all boil down to is this - CDE will be focussing much more clearly on SMEs in its future work through a series of SME initiatives.

Part one. I talked earlier about CDE's role as an entry point to Defence.

However, it also has another function - as a bridge linking the SMEs and the main defence suppliers, as well as investors and wider Government.

The added value CDE brings here is in facilitating networks.

Later this year CDE will be launching a series of market place events.

These will be designed for SMEs to showcase their project outputs to Defence Primes; the venture capital investment community and innovation initiatives across government within other government departments such as the Technology Strategy Board.

The second part of this SME initiative will be the introduction of nine new 'Open Engagement' events to increase awareness of opportunities within the Defence research and development market.

Some of these will be working jointly with industry bodies and knowledge transfer

networks, as well as specific industry sectors - such as Transport and Healthcare.

Actually, we've used Formula 1 technology in the latest of our armoured vehicles - the Foxhound - which we'll soon be deploying in Afghanistan.

And part three of the SME initiative will involve CDE mentoring SMEs - in order to guide and help their approach to maximise opportunities for exploitation.

CDE will be a promoter - giving SMEs the opportunity to present their innovations to leading defence and other suppliers and users.

Although the MOD - in common with the rest of the public sector - is heavily constrained when it comes to resources, I have arranged that CDE and DE&S will each be bringing extra focus on supporting SME engagement.

One of CDE's strengths is its fleetness of foot, born of a small, unbureaucratic structure. I don't want this to change. But I do want to see CDE's clients access the acquisition programmes of MoD much more effectively.

So both organisations, CDE and DE&S, will be devoting a handful of staff - probably four each - to this effort. They will be the Sherpas who help make good ideas real. Who ensure CDE's clients can reach the summit of their ambition. And so help solve more of MoD's equipment challenges.

The precise roles and locations of the staff are yet to be decided, but my key message is that we are committed to SME engagement, we are already delivering against it and we're going to do more.

You'll be hearing about all of this in more detail from Jonathan Byrne. Jonathan heads up the CDE - he and his team will be taking this work forward in the months ahead.

Funding

I can also announce that there will be additional funding for the CDE.

Under present arrangements, the CDE, which is part of the Defence Science and Technology Laboratory, or DSTL as it's more commonly known, is funded by the defence research programme.

This sum has also been boosted by another funding route - through the Technology Strategy Board's Small Business Research Initiative - or SBRI as it's more commonly known.

The SBRI already provides funding of up to £1.5 million a year on Phase 1 - the innovation, or new ideas stage.

Today I'm pleased to be able to confirm that the SBRI will also now be providing additional funding to the CDE at the Phase 2 level. This funding will be up to a maximum of £2 million a year, to be used to progress successful projects which show the most potential for Defence purposes.

This sum will boost MOD funding, and expands the work Defence can do from its Science and Technology Programme.

It also enables the Technology Strategy Board to support more technology SMEs at vital times in their development.

This is a great example of Government departments working together for the good of UK business, and delivering innovation for our Armed Forces.

And I will also be exploring with my BIS colleagues how the good ideas brought to CDE that don't neatly suit defence and security demands but have clear potential elsewhere in government or industry can be encouraged into reality too.

CDE providing greater visibility of activity - and contracts

Industry across the board - Primes and SMEs - have now told us that they would welcome more visibility as to who has been awarded which contract by CDE.

They have also requested more advance notice of CDE plans to issue themed calls so that they are able to plan ahead and be prepared.

Companies and organisations have told us this is important because it will allow all sectors to start scoping opportunities at an early stage.

From today CDE will publish and maintain on their website their programme of events with a minimum 6 month horizon, and from the autumn details of contract awards will also be accessible on it.