

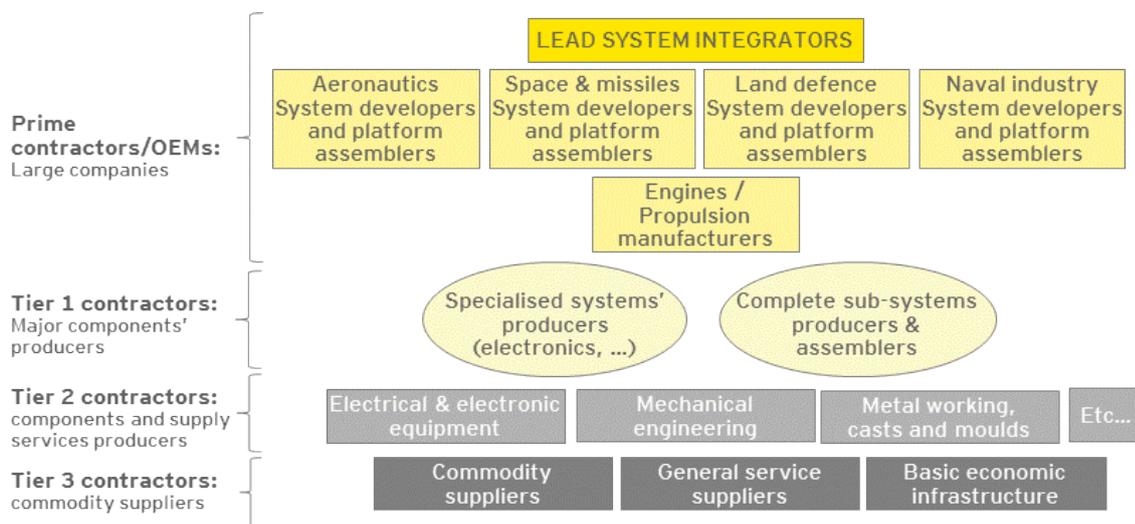


Access to Defence Supply Chain

SMEs that want to enter the international supply chain need the development of a supportive business environment and the build-up of their human, technical, and financial capacity. This part will help you understand the rules of supply chains and respond profitably to those requirements.

How does the defence supply chain work?

The European defence industry is organised in a multi-level structure as illustrated on the Figure below.



Source: BIPE

Figure 3 : Defence supply chain structure

How to contact the Prime Contractors/ Originals Equipment Manufacturers (OEMs)?

Most of the Prime Contractors/OEMs have put in place a supplier portal in order to facilitate their relationship with their suppliers. The objectives of these supplier portals are twofold:

- ▶ It enables you to gather information about the Prime Contractors. Through those portals, large companies publish information related to their current policies, priorities, purchasing organisation and selection process.
- ▶ It provides a dedicated tool to communicate easily with the Prime Contractors. Furthermore, you usually have the opportunity to get registered on these supplier portals and therefore get a private page devoted to your exchanges with the Prime Contractor, which should help you manage this business relationship.

In addition, some Prime Contractors organise information day(s) in order to communicate on their activities and needs, as well as meet suppliers and potential suppliers. Information on the organisation of these events is published on the suppliers' portals.

How to foster your business opportunities?



Outlined below is a non-exhaustive list of tips to run successful businesses in the defence supply chain.



Tips to run successful businesses in the defence supply chain:

- ▶ Get familiar with the procurement policies and processes of the larger companies
 - Being registered on the Prime Contractor suppliers' portal is of paramount importance.
 - Spend time looking at large company websites - many companies document their procurement practices online.
 - Invest time in getting to know and to understand the procurement requirements and processes of large companies.
 - Build a small team of *tender specialists* to invest time in reading similar SMEs successful tenders that are published online (focus especially on the risk management part which takes a major place in the award decision for Prime Contractors) and in getting more familiar with online procurement systems. Then, share results in a steering committee to make maximum use of the knowledge acquired, and implement tactics to respond with maximum efficiency.
 - As proposals drafting requires specific administrative competencies, NDIA's and defence-related clusters can provide you with valuable assistance.
- ▶ Find out the Prime Contractor's needs
 - Contacting the Prime Contractor is crucial. The benefit is twofold:
 - It will enable you to identify more precisely what their strategic positioning and needs are. Thus, you can easily adapt your offer to those needs and have a greater chance of success.
 - It gives you the opportunity to promote the core activities of your SME. Take care of your marketing and highlight your uniqueness.
 - Lobby for your company. This includes efforts to:
 - Be part of a NDIA or a cluster;
 - Maintain a strong and active network at all times;
 - Contact the related procurement services of your future clients;
 - Take part in trade shows/exhibitions. This will enable you to know other businesses and make you known by other potential partners.
 - Prime Contractors and Tier-1 companies are always worried about their suppliers becoming unable to meet the production volume requested in the contract. It is crucial that a SME knows precisely what its production capacity is

and how to ensure that the contractor can rely on them.

- ▶ Communicate on your competencies and capacities
 - One of the SMEs main assets as seen by larger companies is their competence in a very specific domain. Be sure to invest in innovation to stay competitive in the supply chain.
 - SMEs are also noted for their capacity to produce for a lower price than larger contractors. Prime Contractors usually rely on outsourcing. To confront this approach, highlight your price competitiveness.
 - Emphasize the benefits of being an SME. You should focus on all the competitive factors a SME embodies, such as flexibility, swiftness to respond, lower overheads, and typically offering a much more personalized service.
 - The participation of your SME in defence-related events (including tradeshows, brokerage days and theme days) will give you the chance to promote your activities and to expand your network.
- ▶ Keep in mind that maintaining and developing a strong relationship with Prime Contractor/OEMs is a crucial long term investment
- ▶ Make sure you protect your intellectual property rights and innovations at all times throughout the entire defence supply chain