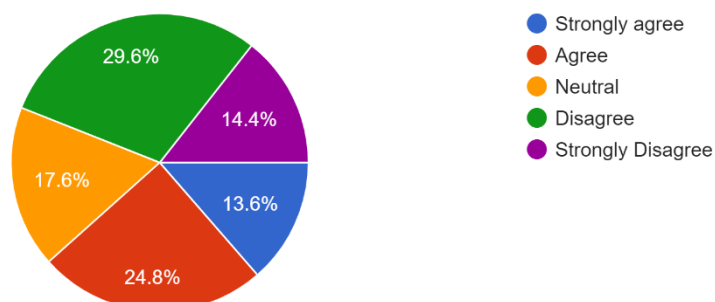


## Policy and general issues

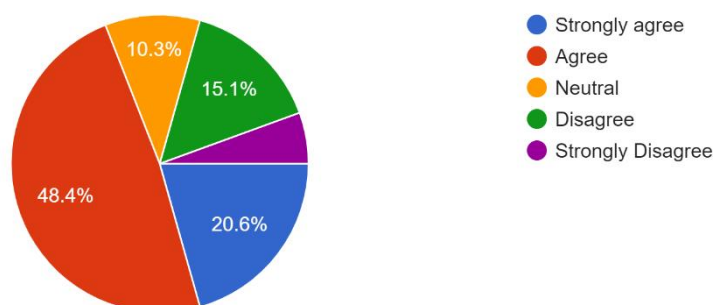
1. In comparison to most sectors of the economy, SMEs in the defence sector contribute less to innovation

125 responses



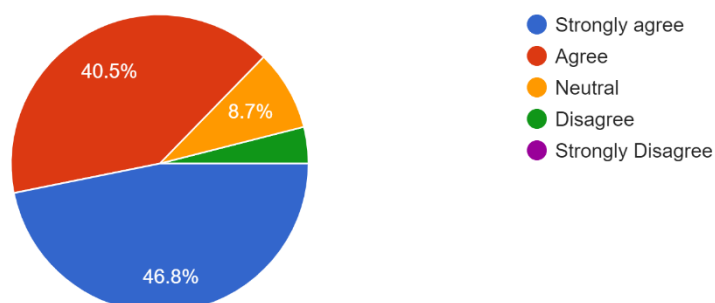
2. SMEs usually work for OEMs and other major companies, not directly for MoDs

126 responses



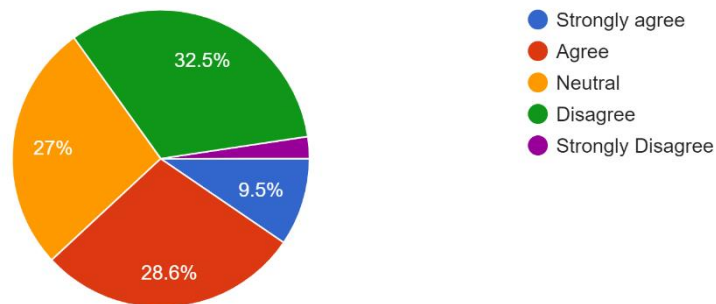
3. R&D establishments and larger companies win the majority of the national tenders and EU subsidies

126 responses



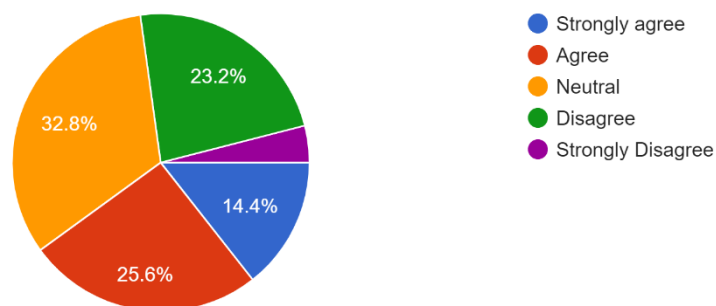
#### 4. Language and cultural barriers hamper cross border participation of SMEs

126 responses



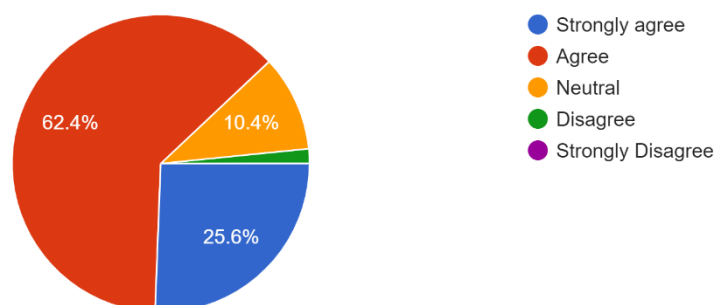
#### 5. The future lifetime of defence and security products, services and technologies have to decrease to ensure the security of Europe

125 responses



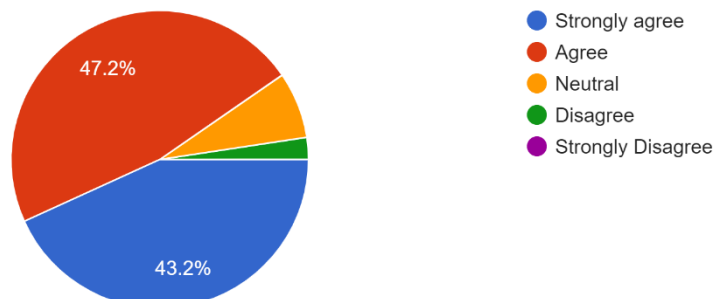
#### 6. Different technology development approaches should be funded to compare the effectiveness of solutions

125 responses



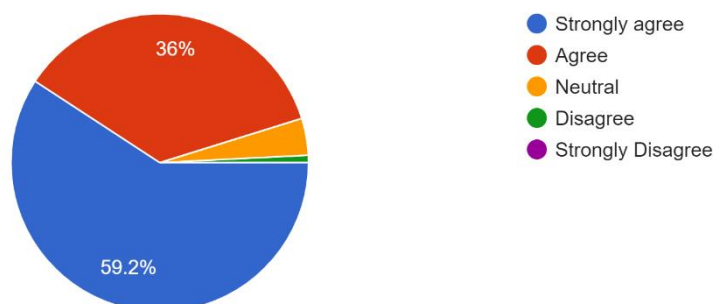
7. European SMEs could (and should) develop more of the critical technologies needed for European defence.

125 responses



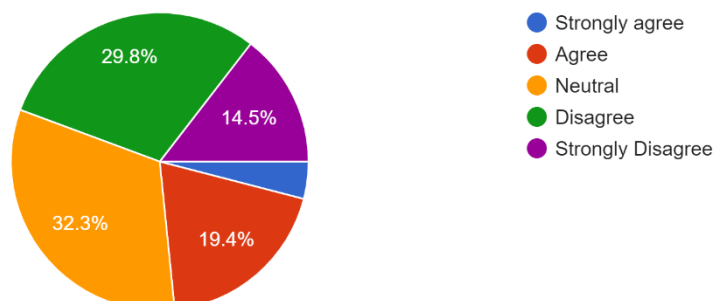
8. MoDs should use the innovative power of SMEs more effectively

125 responses



9. Industries (and SMEs) in the defence sector should not be randomly spread throughout Europe, but concentrated in technology-related “valleys”

124 responses





## 10. In your opinion, what are reasons for lacking involvement of SMEs in defence and security projects

115 responses

The unwillingness of government purchasers to use alternative buying strategies.
Administration is too complex for SMEs. Participation on a tender and the needed documentation will bind more capacity, than the "product"
complicated and extensive contracts and requirements
Manpower and budget
to find the right partners, first barrier is too much paper work to come in
the risk aversity for small players and new technologies in defence.
Government procurement institutions considering OEMs as preferred counterparts
Even if all large companies declare to be open to SME involvement, in reality their "self protection system" activate a lobby against SME and administrations are not able to bypass the lobby and impose their decisions.
There is not a good information and communication on SMEs opportunity in EU. I see that there is more information on NATO projects than EU defence and security projects.
Not been aware about the possibilities offered by the E-U.
Technology and skills investments, certifications costs
SMEs are visible on territorial area and difficulty to be involved in International Project
Often Major Player do not see the advantage of involving them. Plus they do not know in details their capability
The lack of support from MoDs
Large and complex contracting processes.
bureaucracy
Even with the current level of European integration, national barriers (procurement processes, language, culture / corporate cultures) persist which are harder to overcome for SMEs than for larger and multinational enterprises.
Large organisations not willing to share a piece of the cake.
Many are too small to handle big projects on their own
Very long sales cycles, high administrative load
Cultural
lack of capital and knowledge
1) Lack of interest of large primes to share with SME 2) Lack of regulations of Agencies to foster inclusion of SME
Power/Lobby work of OMEs
Lot of bureaucracy. Very long timespans. Major companies do not normally consider SMEs
The administrative effort and requirements to doing business with governmental institutions are a large burden for small companies for which they are not set up.
Cultural and cognitive fixation of our defence forces!!!
Reservations of MoDs and LSIs against small organisations (risk mitigation)



it's feels safer to deal with large companies, which is not true

No easy intermediate platform for requests and sme. Larger companies catch the funds

Lack of support from states.

Political contacts of larger companies, lobbying, etc.  
Financial strength of larger company.

SMEs being excluded / ignored in drafting policies and plans

Lack of vision, and entrance barriers for SMEs companies

Lack of power; insufficient funds; not profitable enough at short-term; entry barriers

We always have done it like this. We never have done it like this. I don't think this will work.

PRE CHOOSSED SOLUTIONS BY MoDs. NO COMPETITION BASE.

NDA and Security Standarts even for easy standart parts. Majority of SME do not have the right standarts. (for example: Fence with Videomonetoring and Security Personel 24h/7.)

SMEs offering part of a solution

The capabilities of SMEs are not well known by MoDs

Lack of articulation

Scale and extent of projects and trajectories does not match the possibilities of SMEs

Larger OEM companies develop equipment that follows Dept of Defence strategies. SME's are triggered by developments but do not see the driving force behind the strategy.

MoDs like to work with the bigger parties. Purchase processes are much to long for SMEs.  
SMEs are not seen as a serious party. SME take more work for MoDs

Lack of bargaining power.

Lack of creativity out of bound thinking

Real payment terms

Specif needs

Long time for going from project start until the implementation. SME can't wait so much time.

SMEs size and importance of the country in the defence context

The extremely complex governmental administrative acquisition tender procedures that in the end just asks for diferentiating factor of the offers : lowest prices. Technical and operational staff have to pass the technicall specs to Admnistrative bodies, "blind to uniqueness of solutions, quiality of the companies, after sales support etc. A lot of many months work can be lost in the final acquisition procedure.

Administrational hurdles, Mostly Security Accreditation admin and cost related issues.

Lack of communication and understanding of new projects; more participation of SMEs on Defense Fairs, complicated Creditation process, find easy ways to cooperate with Civilian Citizens and Companies

I&D investment uncertainty payback (time and value)

Strong lobbying of the large players, hard to enter the "closed system" for an SME;  
Limited willingness of MoDs to work with new players;

Low "risk-taking" willingness of MoDs concerning new players (especially startups) and new innovations;

Very long and complex procurement processes, that often cannot be mastered by startups and small companies



No interest of OEMs, no available platform or knowledge of such platform

Big dimension of the projects to the capacity of SMEs

One of the reasons could be a lack of confidence in SMEs power. On the other hand the bigger companies/ OEMs are scaling down their own competences by outsourcing divisions.

SME's are regarded as having less financial stability to support long life time duration of defence products.

long, expensive (administrative) processes

lobby of bigger industries

Because, in the end, they feel that they can't get/win the big tenders.

1. The time it takes to start a project and the time to receive funding. 2. The focus on large tenders.

The main reason is because it is an extremely closed market and for SMEs it is very difficult to have access to certain projects in the defense sector.

SMEs are involved in defence capacity projects, but only as subcontractors, as the main defence capacities can only be delivered by large contractors in most cases (the customer's first objective is the acquisition of a capacity, not the support of national industry). However, SME's involvement could be increased in the R&T domain, ahead of defence capacity projects.

Large industries protect "their" defence income field from any other competitor.

We do not have the bandwidth to engage directly with the MoD and are engaged in delivering smaller parts of a complete system.

Do not get the opportunity to bid on tenders due to the lack of visibility of these tenders

Clarity and accessibility. Lack of clear contacts and advice for smaller companies

Complexity caused by civil service, MoD, no realisation of how industry works. assignment of funded tasks can only ever be fulfilled by large entities and primes due to the over complex admin and confusion caused by all involved.

Bidding costs and processes

The culture and resources of commercial companies, not just SMEs, do not fit with the defence industry legacy culture and the disproportionate effort required to engage with defence organisations.

Risk, I think that it's felt that there is more security in dealing with primes and that they take the risk of dealing with SMEs

champion contacts hard to locate

Reluctance to change by the MoD's

Difficulty engaging with direct contracts. Most SMEs don't know how to engage and most MoDs don't know how to contract without using lengthy, difficult to understand paperwork

Lazyiness - it is easier to continue with the current organisations

It is usually considered too onerous for smaller businesses to engage in defence projects (too much red tape), and larger defence companies don't always see the huge potential in their smaller supply chain companies.

Lazy MoD procurement teams - always going with 'safe' options and who and what they know. To use SMEs sometimes creates more initial risk and a willingness to see the benefits of innovation. Also lobby pressure from the large multinational primes.

1. having the time to manage a relationship with MoD. 2. MoD not respecting views of people who have not served.

Large OEMs at the initial table

Because the power and weight of larger Primes puts the IP of SMEs at risk



Larger system integrators are often reluctant to partner as equals with SME's.
We cannot afford the long sales processes, long contractual processes, Defence wanting 10 years of P&L, Large primes keeping all the nest work for themselves
We are an SME with a niche product and are regularly involved in such projects.
MOD's & OEM's do not want to diversify the supply chain having many small suppliers.
Contracts are normally awarded to large well known companies. SME's struggle to get off the ground and do not have the infrastructure or backing of the huge companies.
Its a new and different market which many SMEs find difficult too understand, connect with and therefore access.
speed to market
Central government is not rigidly enforcing the statutory requirement for the minimum contribution form SME's for defence projects. It is too easy for OEM's to circumvent this requirement.
It's merely impossible to contract directly from MoD to SME. The contract generally needs the intermediation of a big company.
SMEs are seen as a risk as they don't have the resilience of the OEMs.
D&S projects are quite often seen with many barriers, and mainly trusted by classical large groups. Most of the time economical aspects are quite difficult to assess as national visibility is most of the time limited and export licenses also.
Strength and influence of Primes, and ease of doing business/understanding government needs by SME's
There is still too much administrative red tape for SMEs, particularly Small and Micro company's to be completed
SMEs are often 'removed' from larger programmes during the PQQ phase, in favour of large Defence Companies. SMEs often are unwilling to work to 'large primes' as they are not prepared to be commercially disadvantaged by the 'bullying' tactics employed by large companies.
Being aware, smaller companies have less resource to focus on understanding and knowing about these projects. Some of the projects are discussed by OEMs year sin advance of starting so by the time it starts the SME is too late to join or decisions have been made
Lack of resource at specification definition and contracting stages, easy option is to use Prime's to "do the leg-work" and despite so called SME champion's, the primes tend to stick to the known suppliers
The weight of paperwork and political pressure (lobbying) from "big companies"
Aircrafts, Tanks, Submarines (for example) are large systems, crafted only by large companies. Functional complexity improvement also leads to large companies. Providing large quantities reduce costs, which also drive customers to large companies. For most military equipment, SMEs can only do parts, provided they are asked to. Due to narrow markets, most large companies keep the whole business for themselves.
predominance of large companies
Topics are made for big OEM's because it's the way to finance their R&D and they habe the power to power to impose these topics.
Bureaucratic burden, lack of financial stability, delay before project start
Market too complex to approach and no guarantee to have future business. Failure of a global Strategy Plan at State and Europe level to set up strategic priorities, create a sustainable market for the industry
search of monopolistic position by large OEMs
Because MoD deals with major compagnies and does not issue the tender to involve the SME.
The access to be able to bid and barriers often put in place by the MOD





due to the biggest companies interests and lobby

SMEs are too small and do not have sufficient financial resources. There is a lack of contacts in the market.

Administrative needs are too huge and complex for a SME

none

Lobby of the bigger players and generally defence and security projects are big.

Costly bidding process

depend on the relationship with OEMs and other major companies

The long timelines involved in defence projects is very challenging for SMEs to stay involved with from market engagement to tender to project start, due their cashflow related shorter time horizons. The very nature of innovative technology is that it is moving fast to solve problems so there is a dissonance in ability of innovate tech SMEs being able to solve problems that are being funded based on large public sector or Defence procurement processes.

11. To increase SME involvement in the development of innovations for defence we need:  
110 reponses

More innovative purchasing methods

Administration fit to the seize of SMEs

Clear specifications and requirements

Make the approach more attractive. Often CEOs/Directors just think within their valid contract Terms (3-5 years). Therefore, most long-term Projects are not attractive and Senior Management requests quicker results from their teams.

more support from MoD's for startups

a European defence that is not afraid to invest in smaller companies and wants to pay for Proof of Concepts or R&D projects

SMEs to achieve better understanding of the users' technical/operational needs, together with their organizational structures (decisional, operational and maintenance).

SME experience and knowledge of the defence organizations is a limited point; also language, lobby capabilities, shortage of investment funds hamper their participation. They need 1) to be trained on how to districate themselves in the defence labyrinth, 2) to be supported by some consulting organizations

to increase communication and facilitate access to opportunities, also to small SMEs companies

Create a File listing all potential SME and their capabilities. Offering all the qualified SME the opportunity to compete

Strong government support (not only MoD), financial support to long term investments

Improve visibility on Interantional and OEMs for the specific sectors

To prepare an engagement plan with Stakeholders, to communicate more what SMEs can and should do , to modify procurement policies so to guarantee a minimum of % to be reserved to SMEs in tenders,to organise relevant workshops.

Simpler contracting processes.

less bureaucracy

the "European standardised defence procurement process"





Enforcement of SME participation by authorities.

Clustering of several SME to handle big projects

Purchasing of prototypes, smaller orders, less administration

More networking and pedagogy

more information and investment

1) Defined minimum share of SME in developments and products (10% for the beginning, with target of 20%)

2) Incentives to large prime companies in order to promote SME in their developments

3) Specific procurements of Agencies of small developments and products directly from SME

Neutral decision making

To stimulate the need for SMEs presence in new development programmes (like other EU initiatives: i.e.: Clean Sky)

Agility in the purchasing processes.

Have the doctrines re-written by "out of the box" thinkers based on current hybrid and hybrid threats!!!

Visibility of appropriate SMEs, proper cash flow (35% with contract), funding of risks

easy access to tenders and smaller reporting demands

Innovative procurement by DoDs, easy platform and earmarked DOD funds

More incentives

Accepting the disadvantages of an SME, no QA department, no sales organization, contacts and administration mostly by product-oriented employees

More transparent decision making, change in procurement procedures that favor the traditional vendors (large industries, RTOs)

Create fundings designed particularly to SMEs.

Connection with government and national infrastructures in order to develop a sector which is on of the government duties in several constitutions across the European countries.

Willingness of Actors to take risk. E.g. in a major procurement spent 5% on high risk high return projects (break through technologies)

LARGER TIMEFRAMES FOR SOLUTIONS DEVELOPMENT

Better Cost worthiness at OEMs

SME clustering in consortia

Increase the knowledge of the SMEs capabilities and heritage at the MoDs

Entity that articulates and finds opportunities offered by technologies developed in small businesses

Concentration of knowledge ie "valley's"

DoD dialogues with SME companies.

a capability database, joint ventures

More cooperation.

Openminded integer tenders

An specialized entity to oversee these small contracts

more flexibility in contract and agile methods for implementation



reduce lead times, split big projects in smaller deliveries.

More investment and opportunities

Government to identify uniqueness of some companies, develop partnership and ensure an acquisition process that is not undiscriminated.

Dedicated R&D budgets for SMEs

Call for Ideas dedicated to SMEs

Expert advice and financial support to realize security accreditation and to establish e.g. secure rooms and lab infrastructures

First we need to believe that our Projects will be evaluated by Professional Personnel, to facilitate and promote in media the possibility of being granted a special Certification on Defense to any company even a small one that can have a word to say; facilitate attendance to important Seminars and Fairs; share with credited companies the National Trends and problems needing to find a solution, etc.

To establish a way that SME can cooperate with bigger corporations

R&D programs that are explicitly oriented towards startups and SME's;

"Real" competitive tenders (in reality SMEs often don't have a chance due to strong lobbying of the large players, even if they offer the better solution)

An (agency) platform where an SME can identify how he can contribute and whom he can contact.

The SME's need to make partnership to increase dimension

More personal contact to the decision makers

initiatives to award selected contracts to SME's

programs with rapid funding and less bureaucracy

More national political support.

Smaller tenders, quicker project evaluation & approval, quicker follow up and direction of the military by the operational departments who will get decision power.

Easier access to technical information and greater openness on the part of defense entities to expose their needs.

It is in the R&T domain that the SMEs involvement must first be increased. This will have a positive impact later on (after several years of investment in R&T projects in SMEs) in the development of defence capacities. However, crossborder SMEs participation will require assurances that the SMEs will deliver their products to the main contractor during the whole life of the project, including in case of export decided by the Nation where the main contractor is located (and without any opposition from the Nations where the SMEs are located).

transparent description of defence needs, competition, fair funding for any entity in Europe.

Access to projects and contracts that will allow the innovation

less bureaucracy, but isn't that the purpose of the EU and Govt itself?

Better interaction between the innovation departments of industry and SMEs. In some cases industry will not have such a departments and therefore it is hard for SMEs to approach big industry

Defence procurement policy and doctrine needs to change

More involvement at an earlier stage. To often we are asked to bid on we we feel is not a satisfactory solution both technically and financially.

meet the buyers specifics thru summits etc

More transparency in Mod's usage

Engage more of them directly and flexibly

Buying departments to think out of the box



Larger defence companies need to work more collaboratively with SMEs

To change the way tenders are requested - many are on closed MoD sites or in the OJ - how many SMEs have access to and/or understand the process? Hold regionally based workshops exclusively for SMEs and especially start up businesses to educate on the tender process and when the tender notices are displayed. Sign up SMEs at the workshop and provide 'how to' guides on tender completion.

Have easier contact points for ideas

Regional aero clusters involved

Better protection for IP; much prompter payment of bills by the Primes

A change of approach by larger system integrators perhaps accompanied by financial incentives to modify their behaviour

Easy route to market, better understand from the MOD on SME and what they can contribute and then more leniency on SME history and Primes to involve SME's more and not use and abuse them

Government direction to MODs and Primes.

Collaboration by and with the larger 'Tier' suppliers (similar to the Auto industry)

Better lines of contact between larger companies and SMEs that mean SMEs can themselves grow and realistically be able to take a constructive role.

Briefing and information workshops and roadshows, together with training on writing RFQs and proposals/bids/tenders. Assistance with identifying suitable Tier 1 and 2 partners to enable a more collaborative approach would increase motivation and chances of success.

funding schemes to encourage and assist ROI for SMEs

Rigidly enforced legislation guaranteeing a minimum award of defense project budgets to SME's which must be adhered to by OEM's in a clear and transparent manner.

Direct contracts ; available money on concrete programs.

Greater support from government, actions rather than words.

a strong push of national and EC authorities. All the trends are against that increase, which would be positive.

To allow routes to the end-user, without the primes "muddying the water" of development

Collaboration and/or sponsorship from the Defence primes to help reduce the level of administrative red tape. Therefore enabling an SME to contract directly with the MOD or equivalents.

Greater procurement agility and flexibility. Government's need to appreciate that they always 'own and hold the risk', so engagement with SMEs should not be viewed as more 'risky'. When large defence companies are employed as 'thin primes' their behaviours need to be transparent and monitored, with SME subcontractors being invited into project meetings to avoid misinformation

Make funding easier to obtain and report on as this can be off-putting.

Better funding for SME's, working groups not managed by primes but by subject matter experts

More agile purchasing processes

Hence, the pressure is to be made on these large companies to integrate many more SMEs, e.g. with a law-defined proportion of studies, subsystems, products, made by independent SMEs.

budgets

More realistic topics for SME (with less finance and expectations).

More agile management of funding for innovation directed at SMEs

1 - Global Strategy Plan by State and Europe (Call for projects on strategic priorities)  
2 - Create a sustainable market for the industries (Award and guarantee a level of business to the winner)



3 - Create conditions for SMEs to succeed for the current business (see Small Business Act in the USA as an example)

4 - European / State preference (see USA policies in terms of Defence for example).

Reduce entry barriers and use "true" competition

Involvement of the MoDs

The MOD to want this to happen.

More contacts and budget for development and not risk sharing Partner.

Simplification of administrative answer will be great.

"keep on track" (we should follow do what we are doing)

a) make enough small projects tenders

b) make networking projects like in FP5 sense

c) make bigger projects where the participants has to be smaller SME from different countries

Better programming

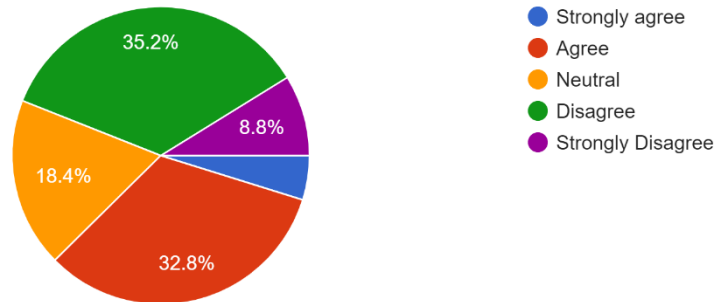
be very specialized

More themed seed funded programmes that have end user requirements at their heart, (reference DASA in the UK). The end user (military) comes to the funding organization with a problem. This problem is then advertised to SMEs to come and solve. If it is solved, the resulting solution can then be looked at for commercialization in partnership with larger defence companies

## Contracting issues

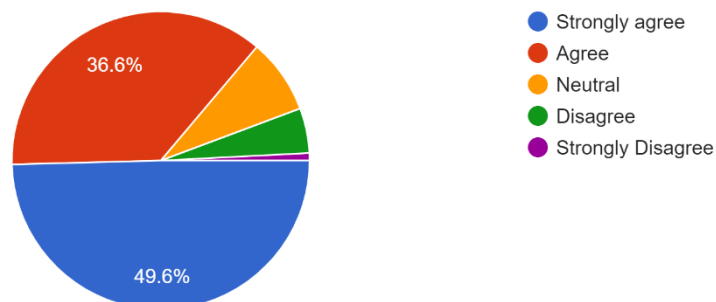
12. SMEs fully understand strategy and procurement of MoDs/agencies and are able to answer with eligible bids

125 responses



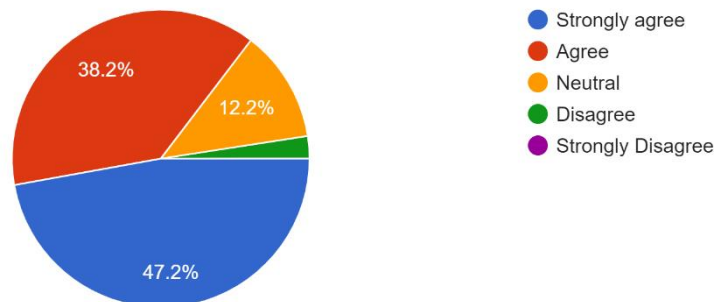
13. Government procurement and tendering procedures are too complex, costly and time consuming for SMEs

123 responses



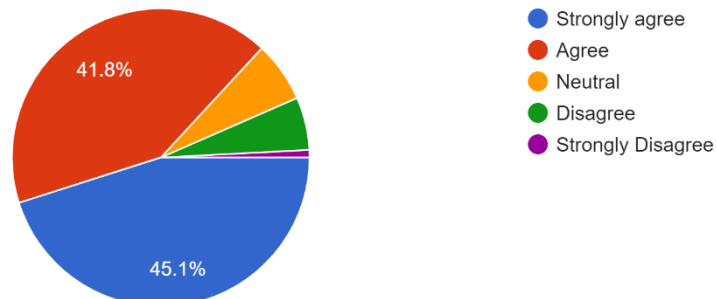
14. MoDs prefer large companies over SMEs

123 responses



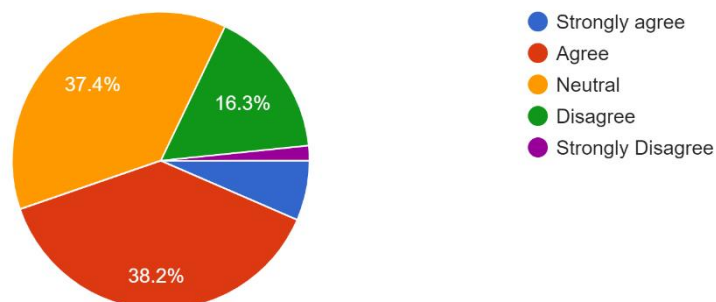
15. Startups and SMEs have a smaller chance to win a national R&D contract compared to major companies and R&D establishments

122 responses



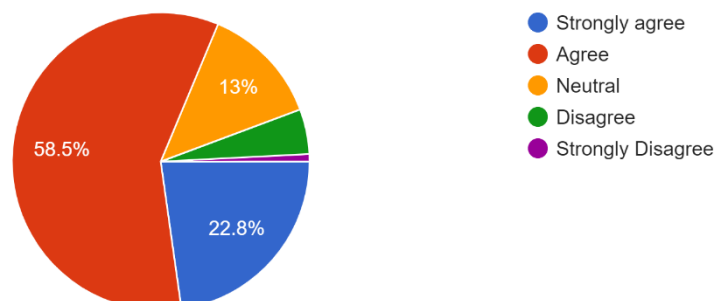
16. The contracting policy for the EDF will help to solve the issue of limited SME participation

123 responses



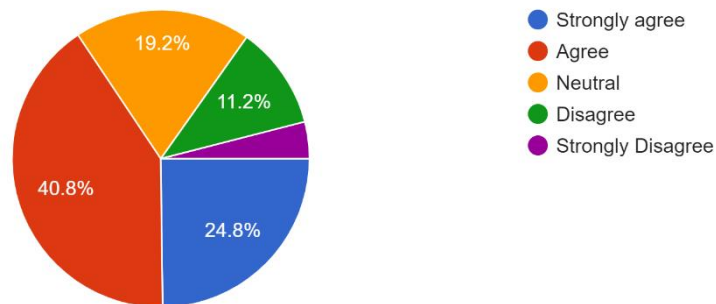
17. The uncertainty about defence contracts duration and the low bargain power of SMEs limit their ability to participate in this industry

123 responses



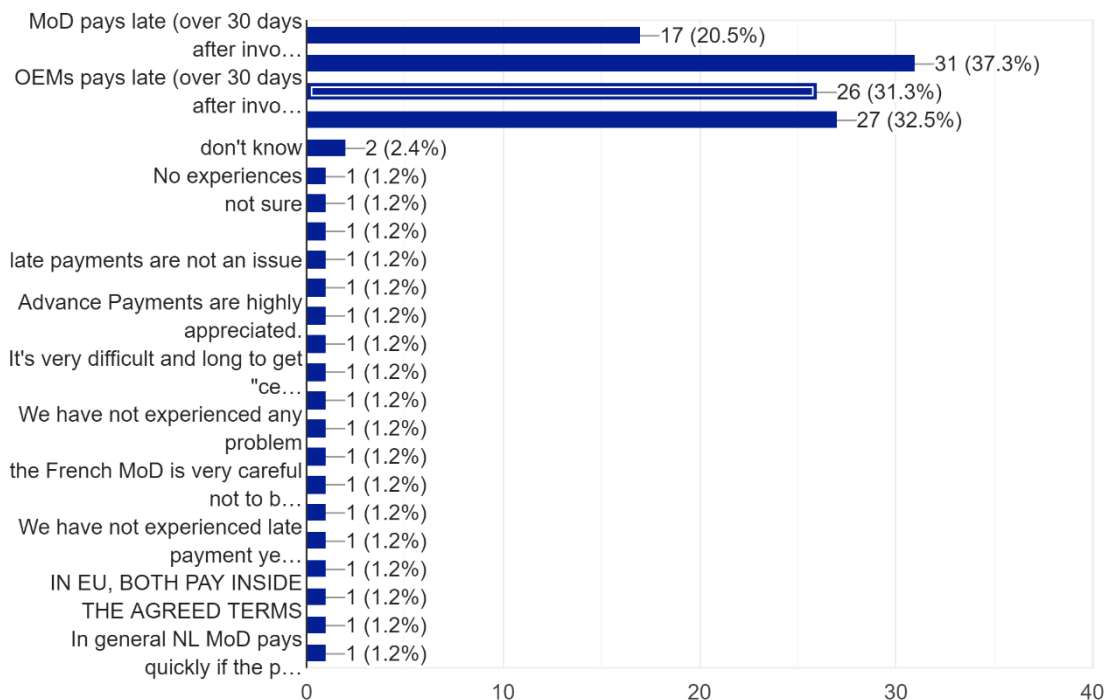
## 18. The procurement processes of European MoDs have to be unified in Europe

125 responses



## 18a. SMEs regularly experience late payments by MoD(s) and OEM(s)

83 responses







19. Do you consider other contracting issues relevant for lacking involvement of SMEs in defence and security projects?

65 responses

Security rules
If the procurement process will be unified in Europe, it will be more complicated for SMEs to participate. The processes will be larger under EU rights
No
partnership / cooperation of minimum one SME with a large company in a defence project is obligatory
No
See answer 13.
complexity of rules, legal issues and IPR support
Yes, I do
Bonus criteria that benefit SME involvement
The contracting issue is not blocking the involvement, however SMEs need to increase their ability to ensure MoDs on their performance. OEMs shall contribute to support SMEs with respect to MoDs contracts.
Not specifically
SMEs do not have the resources required to answer to tenders, English should be allowed to answer to tenders
national procurement processes are usually bottlenecked by budgetary and/or compliance subprocesses, which makes them more risky for SMEs
I believe it is very difficult for SMEs in countries with less national programs to participate to international programs but when they do they are more successful because they are used to competition
1) Payment plans required by large companies (e.g. 60 days end of month plus 10 days) are hard to be accepted by SME
2) Bank guarantees can often not be provided by SME for large contracts
The lead time from a new innovation opportunity or idea until a budget is approved and a contract signed takes too long for small companies. Returns in the civil market are therefore seen in a shorter timeframe and less commercial effort.
OEMs want to keep their status quo! It's all about making easy money. The best for Defence comes second...
SMEs cannot stand the required bonds (bid, contract, warranty)
Large companies would typically have similar contracts on the shelf
Too complex and unjust contract rules
The threshold of 10% for the main contractor must be raised. 10% is too easy to reach with standard purchases that are always made, usually not in the innovation sector.
OEMs BLOCK THE CONTRACTS PROCEDURES TO ASSURE EXCLUSIVITY
confidentiality
No



Intelligent property

lack of legal

No

no

Qualifying documents for tender participation

no

Defense any where it is a complicated process. To avoid problems and help to solve ponctual situations, it will help SMEs to available have, a free list of pre examined blank samples on Agreements, at least the more commum use ones, this way it will homogenise the process and agillise a possible SME contract .

Preconceived preferences by MoD/OEM to main contractors

short payment duration is nice but it is not that crucial

no

Too much bureaucracy.

time it takes to get the contract

question 17: the Commission and/or EDA should not develop contracting rules for defence contrats, as they do not have the right competence. Only OCCAr could do this job and promote crossborder contracting.

barriers to enter bidding processes, contract terms and conditions, long time frames for commercial pay off for investments

complexity of bid process. awareness of all bids near impossible to track

ISO certifications, liabilities and commercially unreasonable boilerplate

don't know

Lack of publicity regarding the portals where SMEs can find (easily) the tenders that are being advertised and the PQQ boundaries

Barriers to entry, long payment terms combined with overdue payments and lack of fair terms all need to be addressed.

The MoD's are reluctant to use SMEs for the reason outlined previously, however, the major primes have actually cost all MoDs far more in project overruns, delays and other increases in cost, billions of Euro every year. SMEs once given work deliver what they say they will and are probably the better value for money in the long run. Cash flow is a major problem for SMEs especially if the MoD moves the goal posts in the middle of a project. There should be far more flexibility in payments for SMEs than primes to create an 'unlevel' playing field.

we feel that we don't have access, somewhat of an old boys network,.

The barriers to entry into the defence business are perceived as too high.

No

Perception is that MOD's & OEM's stick to 'current' and previous suppliers.

I think SMEs are just seen as small 'add on' bits and pieces and not necessarily appreciated.

Lack of understanding of the 'route to market'.

It cost too much for a SME to bid. Too much resources are necessary.

uncertainty on accessible export market



Primes will only contract with SME's if there is a direct requirement, there is no channel for innovation to be "pushed" through to MOD to help drive growth, unless there is a direct requirement. Sometimes, whilst not required from the front-line, there may be great benefits to a new technology (reducing cost, increasing effectiveness, improving safety etc) that is overlooked.

High levels of insurance, particularly PI, Professional Indemnity, is very costly in the Defence & Aerospace sectors

Change control clauses tend to favour the OEM and not the SME who are less able to absorb project cost over runs

no

Developed possibility for direct contract with SMEs with light bidding process

IP rules

SME have less legal support compared than major companies

Burden of terms that apply to production contracts

Contracts are difficult to understand. SMEs do not have the legal means.

no

MoD should be forced to buy a percentage of their budget from SME's

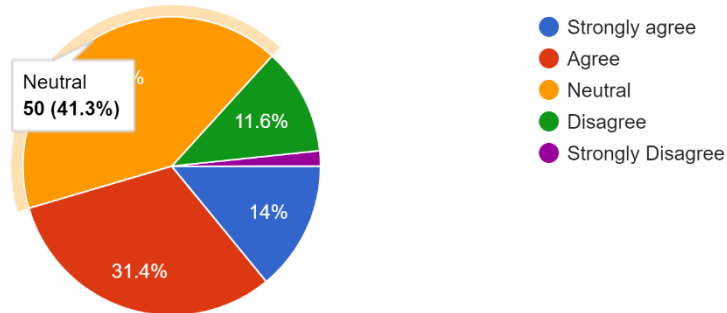
Not enough knowledge...

low confidence

## Government imposed rules

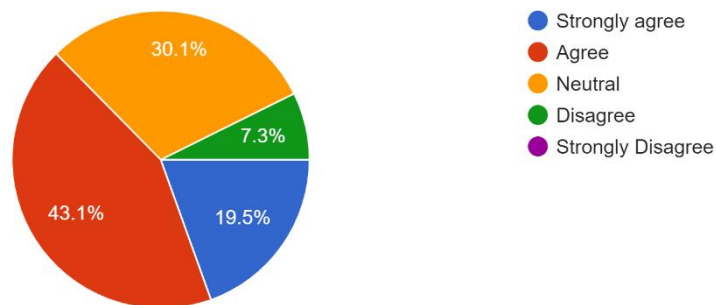
20. Procedures to obtain Personal Security Clearances for non-nationals and non-EU citizens hamper the participation of SMEs

121 responses



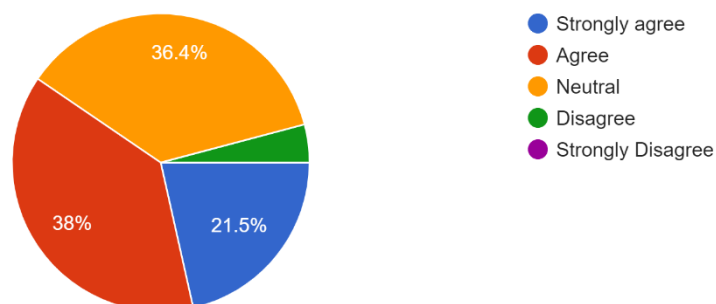
21. Procedures to obtain national export licences hamper the participation of SMEs

123 responses



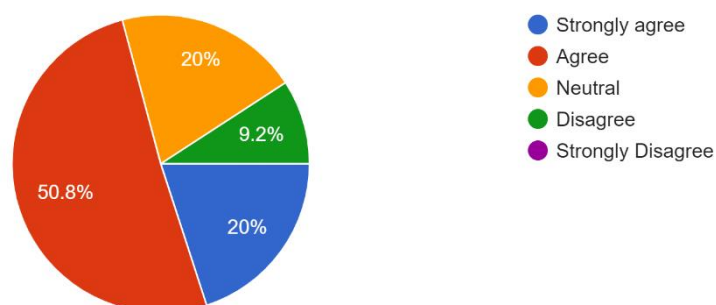
22. Procedures to obtain export licences from another EU nation hamper cross border participation of SMEs

121 responses



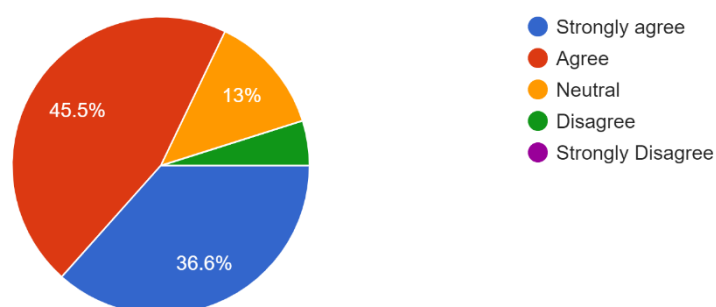
### 23. Rules imposed on development and production activities are complicated

120 responses



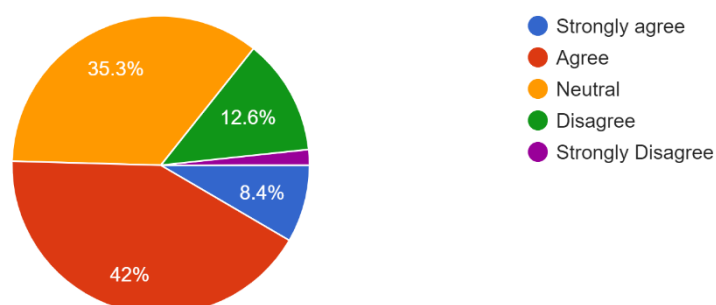
### 24. For smaller SMEs, the costs of industry certification represent a major and high-risk investment

123 responses



### 25. Interoperability requirements hinder SMEs to develop defence products, services and technologies.

119 responses





26. Do you consider other government imposed rules relevant for lacking involvement of SMEs in defence and security projects?

48 responses

No
government military policy is ranked higher than specific technical solutions
No
Communication of opportunities and sharing of information are the two major missing (voluntary? or involuntarily?) issues. Only with affiliation to e.g. associations or political liaisons can help, but I don't consider this a positive possibility.
In some cases also procedures to obtain Personal Security Clearances for EU nationals citizens are too complicated and time consuming. Not a standard procedure for all EU nations.
Yes, I do
Some national safety specifications can do that
Yes, Government should relax some specific requirement to facilitate SMEs involvement
Sometimes dual use SME's may lack the desire to move into this market because of the image of the defense industry. Harmonizing rules between EU and having political and societal acceptance for the need for a strong defence industry is a need and does not happen in all EU memberstates
yes
Sometimes unfavorable GTC's can be a problem for small companies whereas for larger companies the needed risk mitigation is affordable.
There are enough rules (to much!). Still it is the knowledge and integrity of the stakeholder that counts...
No
The main problem is that to join the club, you need to be member of the club. To get a tender document you need to full fill certain requirements QA, Security, etc. However, to get accredited by the governmental organisation you need a contract. How to break the circle.
No
Confidentiality requirements
Firm history
No
Some tenders requires that the bidder had developed and installed similar solutions. So most start-ups and small companies most of the time aren't able to bid.
N/A
just the lack of right rules...
Nothing to add.
effort for organization of MODs quality engineers assignment after finalization of work
no
lack of offset policies
In some cases the authority insists on IP ownership which is financial suicide for the SME who will succeed or fail based on their hard fought IP
yes



Most of the rules, security clearance, cyber security standards and product standards can all be achieved as an SME but it takes a lot of time and effort, in a prime this is probably someone's job, in an SME it's probably the owner and she / he will simply not have the time. So they do not participate due to time pressure on complex standards. The standards cannot be adjusted down for SMEs but assistance should be given to complete documents, pay for certification etc at the early stages - once done the SME can then deliver.

I think the US government encourages micro companies, LGBT+, female, disabled, and ex services they are all given extra points on a tender.

None identified

Yes

No

Yes, almost seems as though rules are designed to keep SME's out of supply chain.

SMEs do not have specialised staff whose job in life is to bid against tenders. This is an expert function and SMEs do not have the time to write off weeks worth of work, only to find they are unsuccessful in their bid. It really is a big consideration in whether to bid for projects.

Government 'red tape' is generally seen as a barrier to entry by SMEs.

For example: cybersecurity qualification is expensive and needs a lot of internal resources. The Administration rules are too heavy.

ITAR adds delay every time varying from 6-12 months.

Being able to understand all interoperability details, from (often) multiple primes can be a hindrance to SMEs in demonstrating the benefits of their technology

No

It can take over 6 mths to get some export licences and the customer wishes a response in 4 weeks. Implementation of the EU export compliance regulations differ country to country and hence can cause delays and unwillingness of others to collaborate

no

Export licence should be harmonized between all European Union members

Rules are not the same everywhere in Europe. Jamming for instance. So the development of this technology will be possible in some country and very complicated in some others.

-/-

In 3rd countries, yes. In USA (Berry Amendment), Israel. But they don't find them in EU.

Same as last...

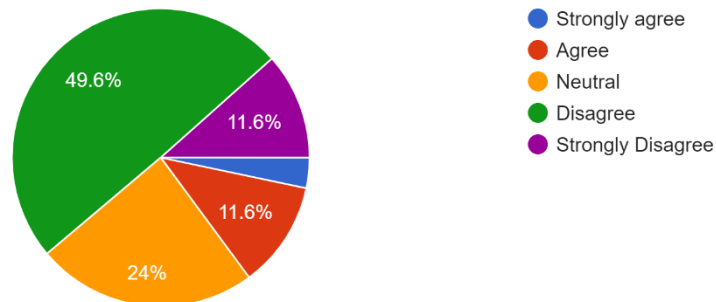
bureaucracy



# Communication

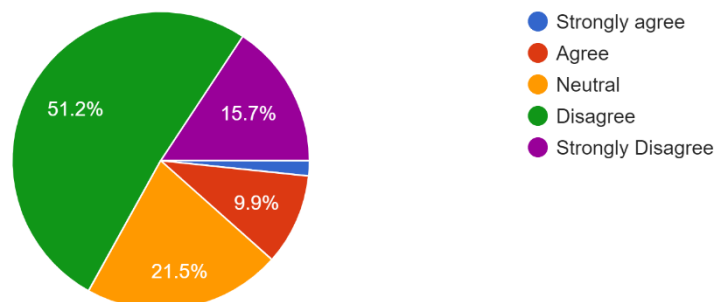
27. SMEs have sufficient access to information on MoD's needs of products, services, technologies and research

121 responses



28. Contact opportunities and interfaces with MoDs to propose (sub)systems and components innovations are transparent for SMEs

121 responses





29. Do you consider other communication-related issues relevant for lacking involvement of SMEs in defence and security projects?

45 responses

No
No
Lack of electronic media is affecting the involvement of SME. Fear of the government Contracting Officers to deal with SME is to be considered, too
MoD must spread the information through business associations and othes SME groupings
It is important to improve direct communicaation with SMEs not only direct from Government but also from OEMs. This process should encouraged in the Government contracting process.
What is lacking is an upfront and long standing engagement of SMEs
strong lobbying of big contractors leads to strong influence of big contractors
It is difficult to break down major contract into parts where SME's could play a role. SME's often will believe that the existing supply chain will be difficult to modify. Especially since programs run over many years (sometimes decades) and the customer wants standardized products (reduce training, maintenance, spares, etc)
No. The main problem is the lack of knowledge on SMEs
Lack of knowledge of Tenders, lack of B2B platforms, lack of a platform to register and to be seen by potential partners.
MoDs could recommend the incorporation of one (or more SME) when issuing RFIs and RFPs, in order to "force" large companies to incorporate SMEs in their offers.
Again it all comes down to the way the MOD casemanagers (need) to do their job. If they lack integrity, knowledge or time, people tend to cut corners... I fully understand this how come that the responsible people for this proces can't or won't make a big deal out of this!!!
Established companies e.g. larger contractors are more integrated within MODs, are notified at an early stage of a program and can anticipate in an early stage to a program.
YES. BASIC INFORMATION AVAILABLE. DETAILED INFORMATION NOT AVAILABLE, ONLY AFTER PROJECTS ARE AWARDED.
easier access would be very helpfull indeed
No
Dedicated seminars
Security classified developments
No
N/A
short Staffs in Mod make difficult for them to be available and open to innovation as they are busy with daily affairs
The personal contact to decision makers and/or development engineers is only possible on trade fairs, because companies websites prevent direct contacts (info@mail-addresses).
no
yes, I think so.
large companies dominate in magazines and newspapers. SMEs are mentioned fewer times also derending on their PR budgets.
yes



The MOD show no consideration for previous contracts held by SME's

As our business tends not to directly target MoD or larger defence opportunities this is not an area we have a lot of experience in.

The UK MoD often appears as a 'closed shop' many primes employ ex senior officers who they use their contacts and influence to negotiate even more work. SMEs cannot afford to employ ex senior officers and so lack this communication channel.

there always seems to be a charge to attend a briefing from the MoD £££

None identified

We get information but often we are not involved early enough to have any contribution as is given to large companies

Not really - it's down to SMEs to make sure they carry out appropriate engagement with potential customers.

We are in a particularly specialised area and receive what we need as such...

Easy access to clear and easy to understand information is always a challenge for SMEs.

Time and again SMEs are used as stalking horses for both Gov departments and OEMs. SMEs are often seen as a last resort when all else fails.

Whilst overall access to and visibility of MOD's requirements and opportunities is there, it can often be overtaken by MOD going direct through the primes

When working through a framework, often you are not allowed to contact the MOD directly. You have to go through a portal and wait for a response. Often none is received.

Use of bulletins should be timely, open, and unambiguous

See previous comment regarding larger OEMs and attendance of certain forums and organisations means a lot of discussions only happen with the companies that can invest the resource to support this.

no

MoDs do not directly involve SMEs. They prefer major companies.

-/-

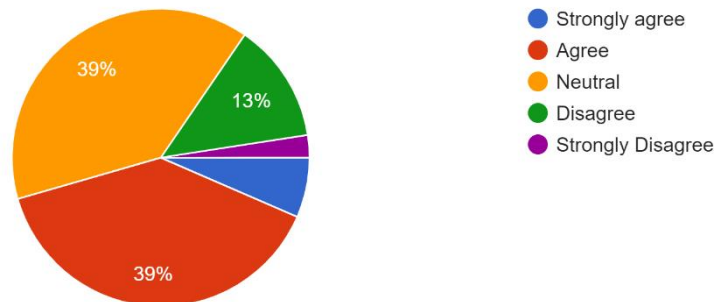
Our projects are smaller than Armament & System's, and some times we get budget's leftovers

Same again...

# Business, competition and mergers

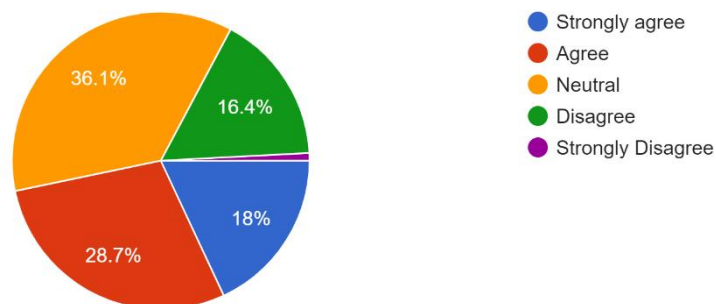
30. SMEs suffer pressure caused by too strong competition within Europe

123 responses



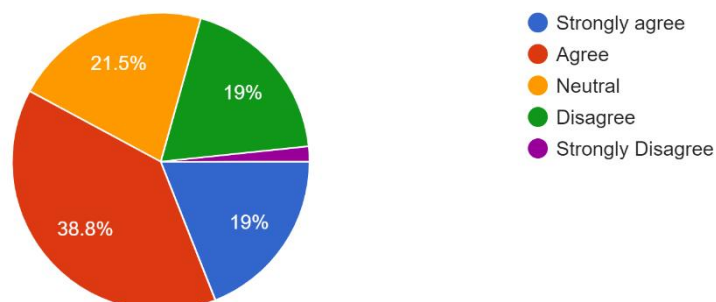
31. SMEs suffer pressure caused by strong competition from outside Europe

122 responses



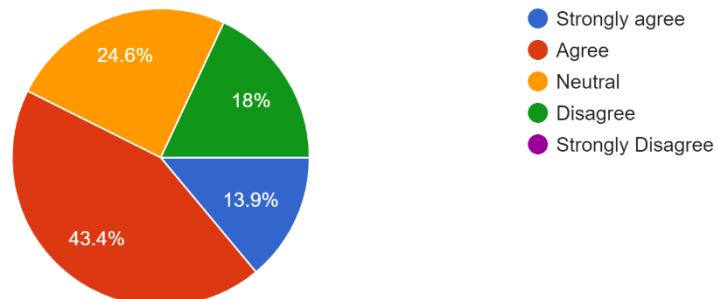
32. SMEs would like open competition

121 responses



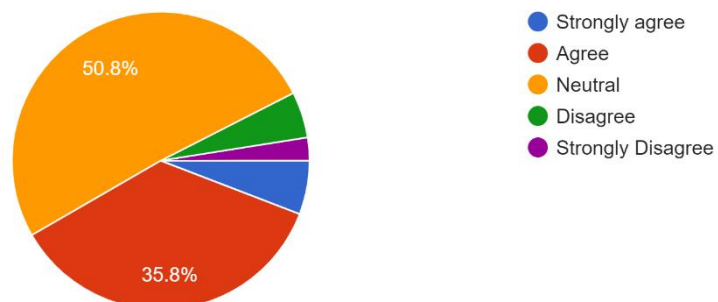
33. Distance, cultural and language barriers between SMEs and their MoD or OEM customers prevent cross border participation of SMEs

122 responses



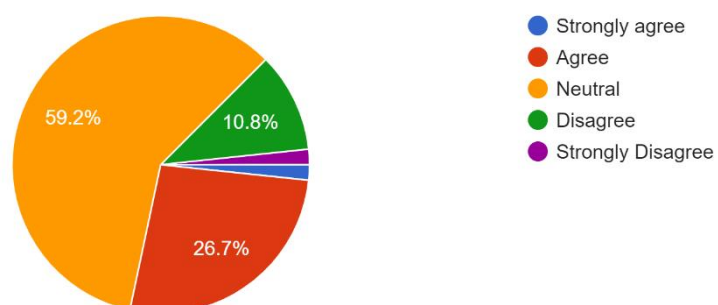
34. Often, SMEs are acquired by European OEMs

120 responses



35. Often, SMEs are acquired by non-European OEMs

120 responses





36. Do you consider other business-related issues relevant for lacking involvement of SMEs in defence and security projects

37 responses

No
I am not an expert on this
SMEs lack knowledge of management, negotiation and marketing as well as international trade
Yes, National requirements (Security, Nationality, etc..) influences the SMEs involment
lack of exchange of info and the increasing competition among big defence companies
There needs to be a level playing field also in international tenders. It is difficult to survive only with national programs and if other OEM's are protected there remains only international programs for which we are not level against Russians and Chinese either because of our so called ethic conditions and rules.
Compared to ESA-business: Lack of industry days for a) specific large procurements b) for matchmaking. But this makes only sense, if there is a real chance to get a contract. Otherwise the investment for such information days will not be taken.
Look at the output of the SME and then adopt them inside the MOD, making them leading for OEM parties
Complex vat related issues for cross border services and products. Issues may require 2+ hours and 6 transfers from tax office to the next to resolve a simple issue ...
An other business related issue is the thoughts of the person involved. A good example is what is understood by a certain wording/toughts. One of the issues I recognised during this survey is the use of "OEM" (Original Equipment Manufacturer), at the start of the survey the reference is OEMs and other large organisations. A lot of SMEs are also OEM. The main problem is not the OEM but the Lage companies and MoDs.
No
The use of armed guards provided by non-govt organizations limits the SME in their capability development due to the strong arms lobby that works against them.
No
usually the tenders are very demanding for SME and the competition is quite high and MOD are very conservative. Don't like to change.
N/A
no
A lot of effort to scan the open requests for proposal
no
time to return of investments in defence products and services is impossible to estimate for SMEs.
Primes and MoD do not encourage the SME to have direct access to end users, therefore restricting technology advancement and controlling what is provided to the end user by themselves
yes
Many SMEs that are created by a small team and funded by investors see an OEM / Prime take over as a positive as the sums involved can be considerable.
cost of product insurance
Exchange rate risks, doing something different
None identified



No

It is 'dog eat dog out' in business and SMEs I sense struggle to grow, they tend to deliver more of the same. I do find the European Union very bureaucratic, maybe more so than non-European countries.

Access to finance for Capital Expenditure and Sales/Marketing can sometimes be an issue. As is the SME Management mindset.

MoDs often prefer to contract with large international companies (US) offering solutions rather than contracting with SME in order to develop a sovereign domestic or european offer.

Can't think of any

SMEs will tend to avoid working on any ITAR related projects and US companies tend not to wish to send ITAR projects to the EU due to the delays and issues it causes them

no

European market is more open than others. Allowing global competition on their territory. Which is not exactly the same the oposite way.

--

Not now.

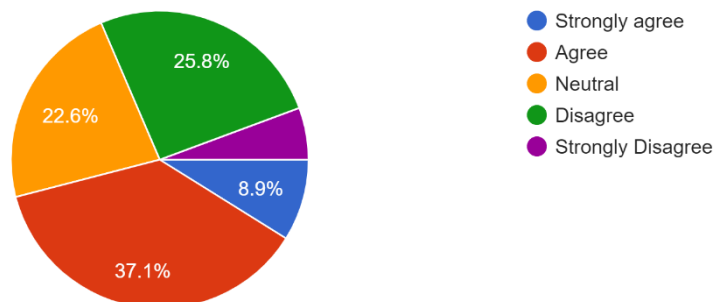
Specialized QA systems



# Teaming and projects

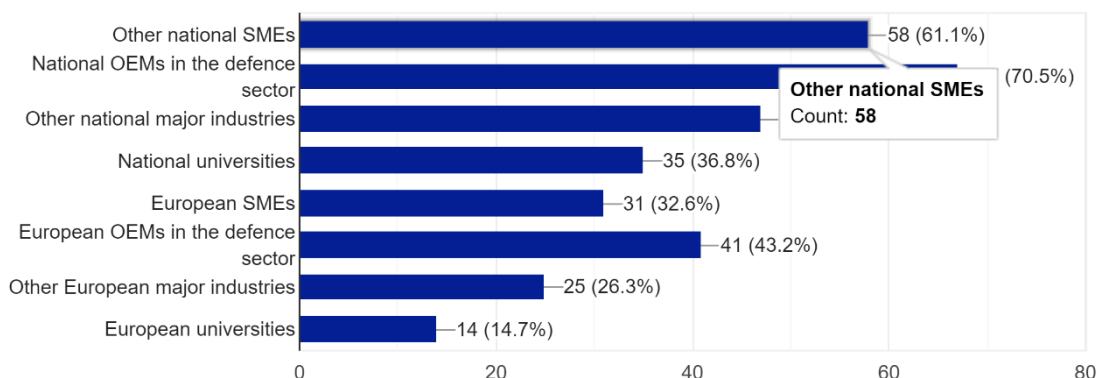
37. SMEs can and do easily partner with other entities in Europe to offer cooperative projects

124 responses



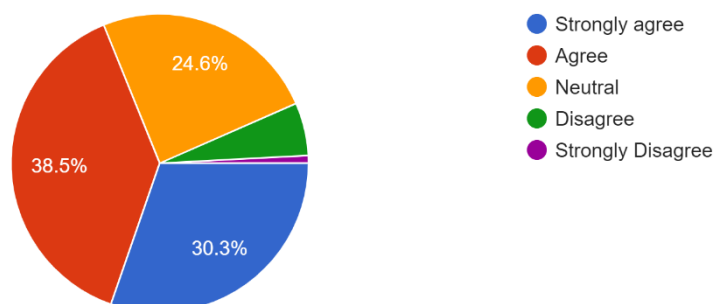
38. The SME where I work is sufficiently aware of the competences and capabilities of other players in the defence industry

95 responses



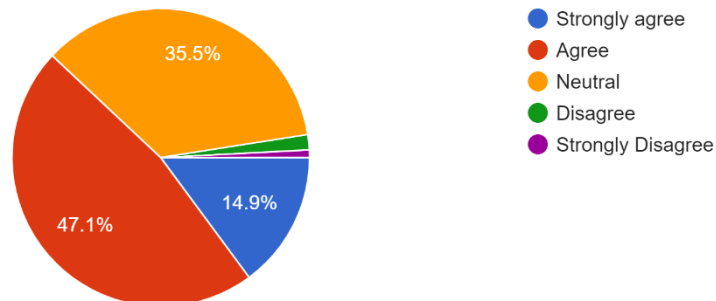
39. Intellectual property rights (IPR) gained in cooperation projects should solely belong to the developing partner itself

122 responses



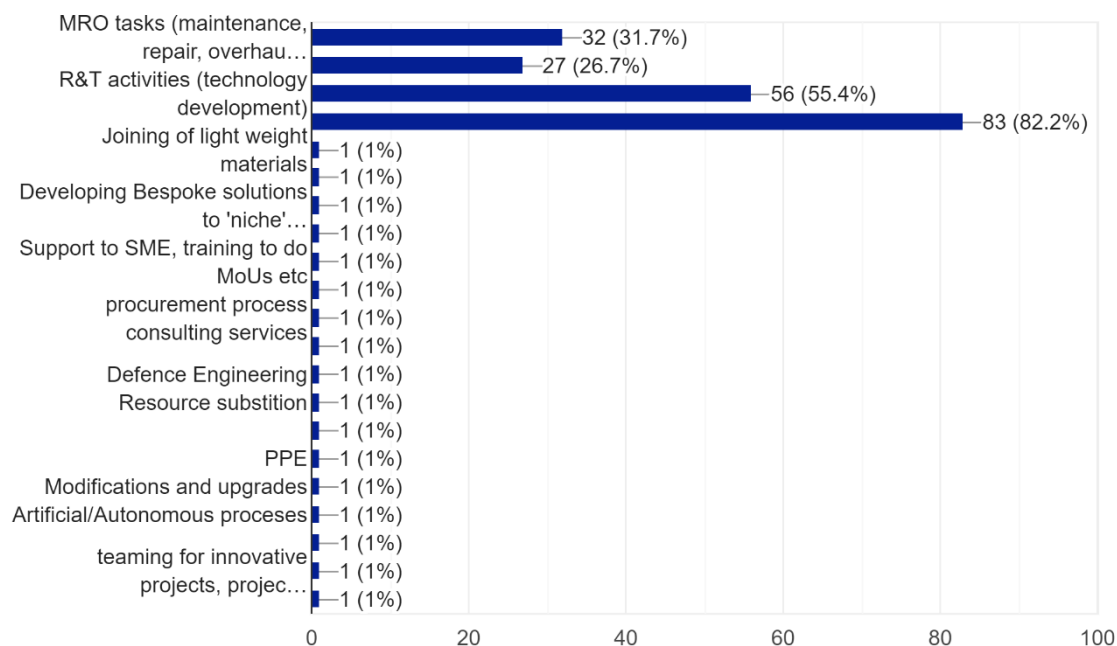
40. In current practice, Main Contractors often claim IPR gained by subcontracting or partnering SMEs.

121 responses



41. The SME where I work can contribute in these areas

101 responses





## 42. Do you consider other teaming or projects related issues relevant for lacking involvement of SMEs in defence and security projects

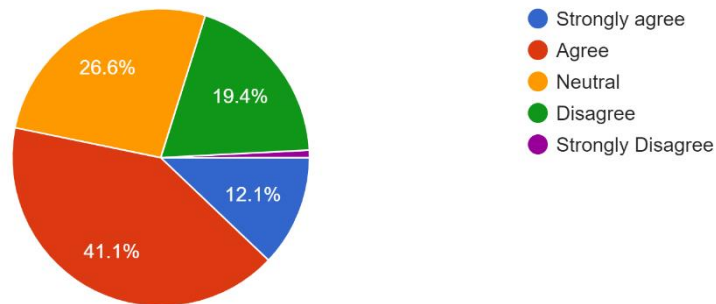
31 responses

No
Complexity in defense project management
I do not consider teaming or project related issues to limit the SMEs involvement
if the NDAs are not properly calibrated they can cause issues during the project development.
Competition challenges arise when there is a product to be included from a single source when that source is competing for the full project as OEM as well.
Small SME's need revenue fast due to the lack of cooperation by our financial institutes (banks)
No
Our SME did not want to team with an (at the time 2010-2018) illegal armed guards providers for ships. The global strategy was to push for armed guards on board vessels.
Patent delays
no
there should be dedicated EDA SME Calls in strategic areas of interest to invite SMEs to suggest R&D Projects
Question 39 - Depends on the project.
no
missing personal contacts, few experiences of cross border coop., effort to establish trustful relationships to other partners abroad
no
yes
Trust - SMEs can be wary of larger organisations taking their IP.
The large Primes OEMs often work collaboratively - create a 'closed shop' they all know each other and like to keep all the MoD pie for themselves, they only use SMEs when they have to or when the MoD introduces the SME they will not do it unless pushed.
None identified
We often have to team with OEMs to get our product on their platform.
None
Working collaboratively is different and challenging to the typical ways of working. It requires different skills, that many SMEs do not have. Support is required to develop this
No
Can't think of any
Protection of IP is key and can be down to negotiating contract clauses for foreground and background IP. The OEMs can and do make these clauses very onerous and difficult for some SMEs to understand.
no
None
No

## Market

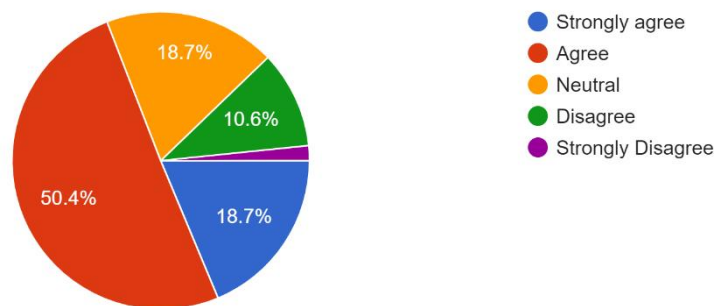
43. SMEs are aware of necessary standards in defence and security business

124 responses



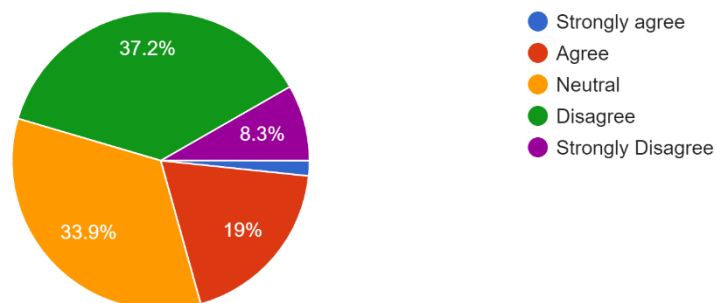
44. Certification is a hurdle for SMEs to be successful in the defence sector

123 responses



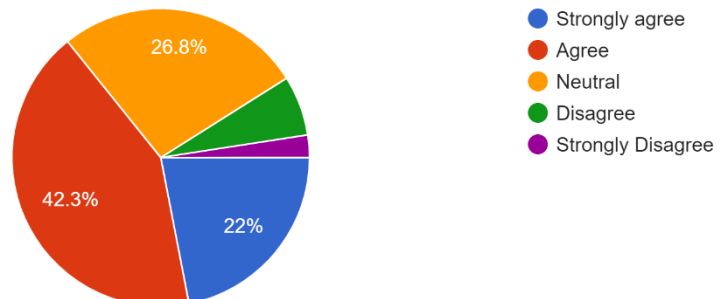
45. Export procedures of defence products, services, technologies are satisfactory and of equal opportunity compared to global competitors

121 responses



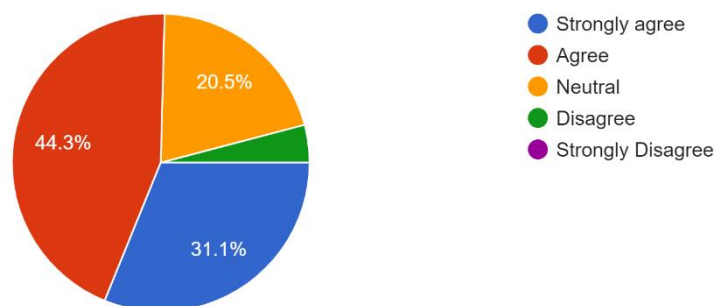
46. The use of commercial of the shelf (COTS) products, services and technologies should be increased in defence and security procurements.

123 responses



47. MoDs should stimulate dual use of (sub)products in other markets

122 responses





#### 48. Do you consider other market-related issues relevant for lacking involvement of SMEs in defence and security projects

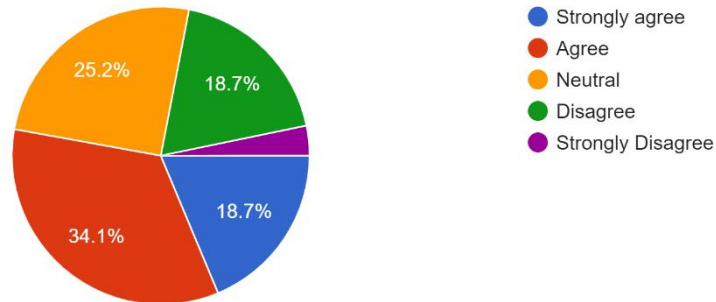
29 responses

No
European defence market is too small to be competitive with U.S.
Officials promoting foreign trade should pay more attention to defense-related SMEs
No, I believe that SMEs can easily adapt to any market-related issue.
Not specifically
To question 46. Requirements for defence are not always provided by COTS products, however SMEs are very well suitable for adaptation of COTS product to the Military environment, instead of the large companies developing a new product on public costs.
No
Pressure from lobby groups, trying to intimidate.
No
The timings of defence projects are difficult to be followed by SME
N/A
no
no
time to market should be shortened
In the UK contracts are often awarded on a cost base over technical solutions.
yes
Supply chains for MoD contracts can be more complex and difficult to initially create.
None identified
No
Time taken to make decisions
None
No
Can't think of any
no
None
No
-/-
Exporting to 3rd countries are hard for all, specifically for SMEs
No

## Investments

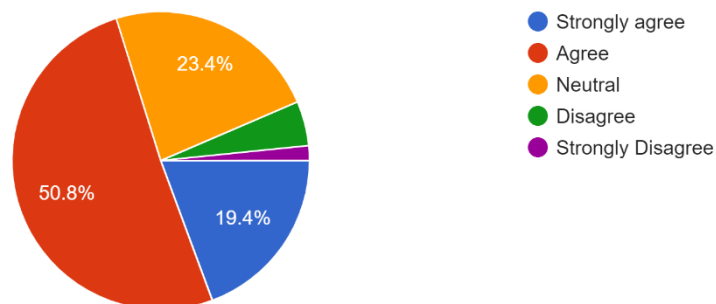
49. SMEs invest a high percentage of own capital to develop defence technologies and products.

123 responses



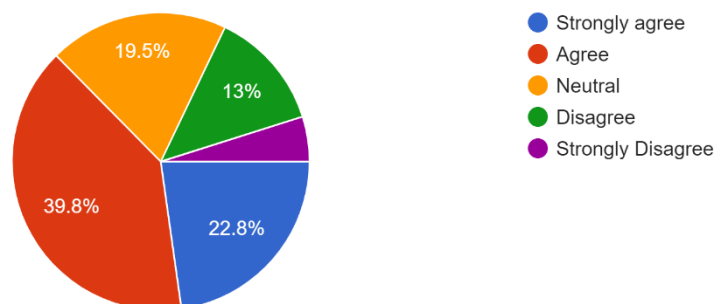
50. The product- and market-risks for private investments in defence technology are too high for SMEs. In R&D, only Government investments are an option

124 responses



51. Subsidies from the EU and national authorities facilitate product development and future sales of defence-related products

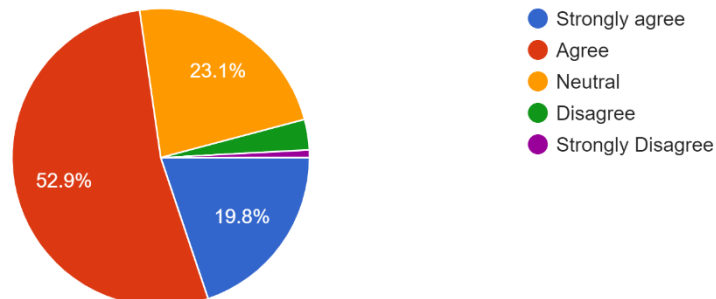
123 responses





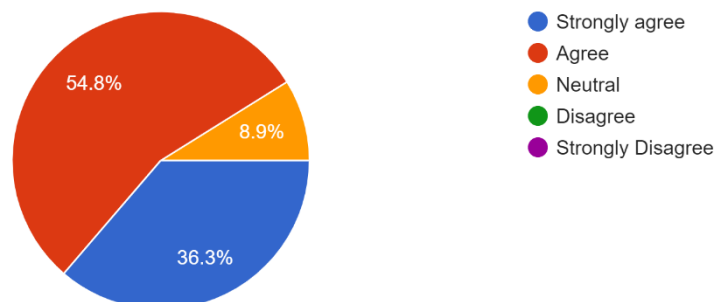
52. Guarantees like the European Fund for Strategic Investments (EFSI) could enable SMEs and equity to invest in product development

121 responses



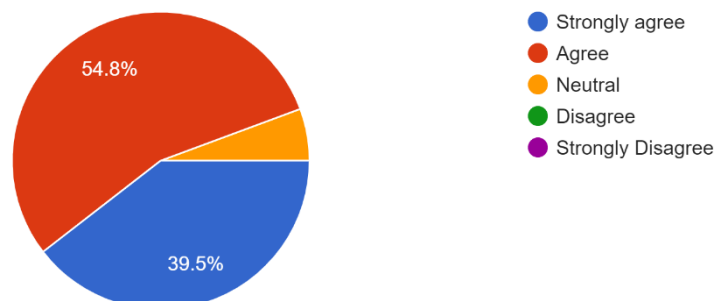
53. Support of MoDs by providing operational test facilities or technical support lower product risks

124 responses



54. An "innovation partnership" between an SME and MoD would lower product risks

124 responses





## 55. Do you consider other investment-related issues relevant for lacking involvement of SMEs in defence and security projects

30 responses

No
No, I do not think so
Mutual risk collateralization products are key for SMEs operating in this sector.
Yilitate the any external investment facilitates the involmment of SMEs to complex projects.
No
procedures are very complicated
Bank guarantees are hard to get by SME. But these are necessary for buying/leasing equipment/facilities.
Taking more risk by the government, in development by SMEs, it is not always necessary to have the development and funding in advance of a contract.
No
No
N/A
no
Show more trust and support from State to SMEs.
no
MoDs should be able to invest in SME's abilities and technology to enable growths for innovations.
yes
MoD doesn't seem to understand or use the Innovation Partnership approach in any of its procurement!
Never heard of the EFSI - in lies the problem if an SME does not know about these services how can they possibly access them.
Knowing who to partner in defence projects
None identified
No
Time taken to achieve ROI
None
no
I can't think of any
None
No,
-/-
49. In Spain there is almost no R+D due to low government support. It should be increased.
Do not really know....



## Statistical questions

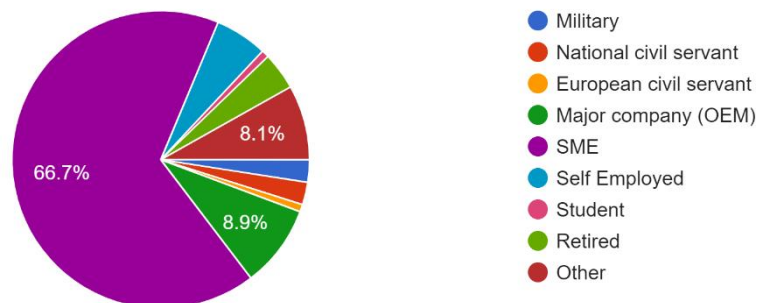
56. Are you a member of an EDTA association? YES: 66 from 11 associations  
Over 9 associations cannot be shown graphically

57. Are you a member of a Eurodefense chapter? YES: 48 from 10 chapters  
Over 9 chapters cannot be shown graphically

58. Where do you work or live? 123 responses from 18 nations (incl. other and not European)  
Over 9 nations cannot be shown graphically

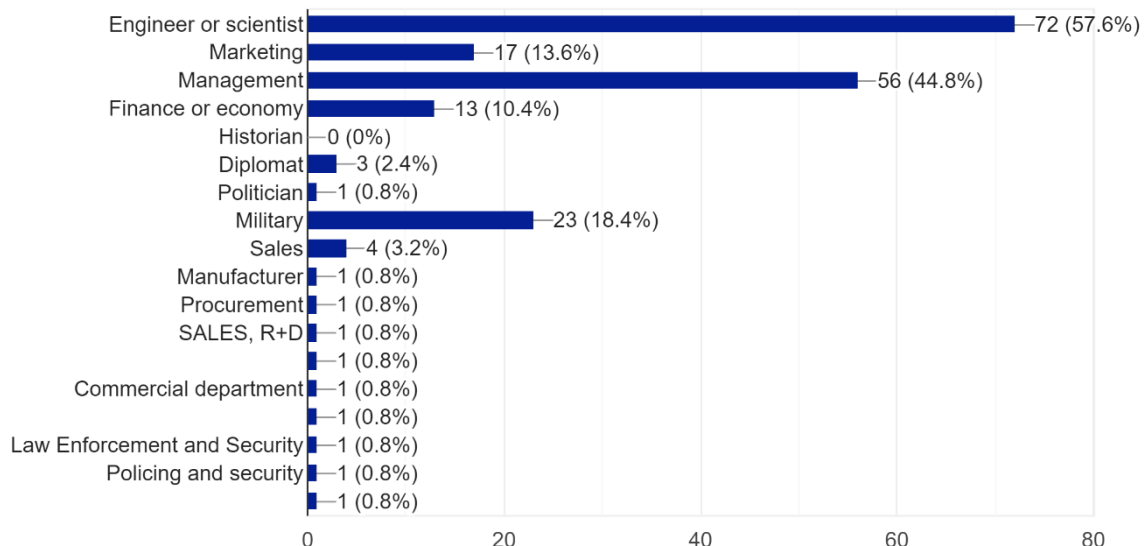
59. What is your type of occupation?

123 responses



60. What is your professional background

125 responses





61. The company organisation where I work is mainly active in this domain:

111 responses

Consulting
Navigation Sea, Land and Air
Logistics
Small Arms
Radiocommunication
Command & Control, Mission Planning
Aerospace defence
Consulting
Consultancy to EU and NATO on Security and Defence
Defense
University
Specialised sSupport on defence and security projects
Security/defence/ICT/AI
R&D private non profit institute
Defence, naval procurement consulting,
High Performance Structures
Automotive
(Navy) Propulsion diesel generators
Defense Aeronautics
Finance
Space Technology
Technical Consulting
Unmanned aerial operations and development.
MRO, Upgrades and modifications of air and land systems
Defense and Critical industry
Data Communications Equipment
Cyber security
Consultancy cyber security in the national security domain
Yes, I am currently a young EuroDefense Coordinator. Unpaid position.
Defense Communication Technology
battlefield acoustics
Automotive Industry and Aerospace
Defense and Space



MRO
Mechatronic
safety, security and enforcement
Optical Components like mirrors and stable structures
Digital Transformation
Naval shipbuilding
Safety product development
surface treatment
Boatbuilding
Medical devices
Simulation and training
Aerospace & Defence
electronics, telecommunications, and IT
Satellite Navigation for Mission and Safety Critical Aerospace Systems
Promote and keep Innovation, Peace, Tolerance and Science. Also we develop different kinds of riot control equipment
Shipbuilding
Aerospace
Space Software & Test Systems
Parts for Air- and Space, naval projects, manufacturer of parts, subsystems and assemblies, after sales service, Zero-G-flights
Aerospace Business
aerospace
development & manufacturing of advanced sub-systems made out of polymers, composites, metals and transmissions
Waste to energy
impact solutions
aeronautics, space, defence and security
Defence, Transportation
Defence
Personal tactical equipment
Def, Sec, Test and Measurement
H2020 and product development devolving from the research
telecoms and satcoms
Rugged/technical case and container design and manufacture
mro
Procurement consultancy



Aerospace & Defence
Tethered UAS innovation and manufacture
Dismounted Soldier
Bearings
Defence
Procurement
Mortar Systems
Intelligence and Banking
Defence
Fasteners, precision metal parts
Cyber Investigations, security and Law Enforcement projects.
We do some support work with defence companies. It accounts for around 10% of the business.
Technology Software
Inertial Sensors and Systems
Data Cybersecurity
Defence
aeronautics
Defence and Aerospace
radar, EW, communications, scientific
Defence
Aerospace - mostly civil but military as well
Systems Integration
Telecommunications
Optics, image and signal processing, AI.
Cybersecurity
logistik and fuels
Software and Artificial Intelligence
Lubricants
Training and simulation
Military
Military aeronautics MRO
fibre composite structures
Geospatial intelligence
Field Camp Equipment, Protection, CBRN
Composite materials



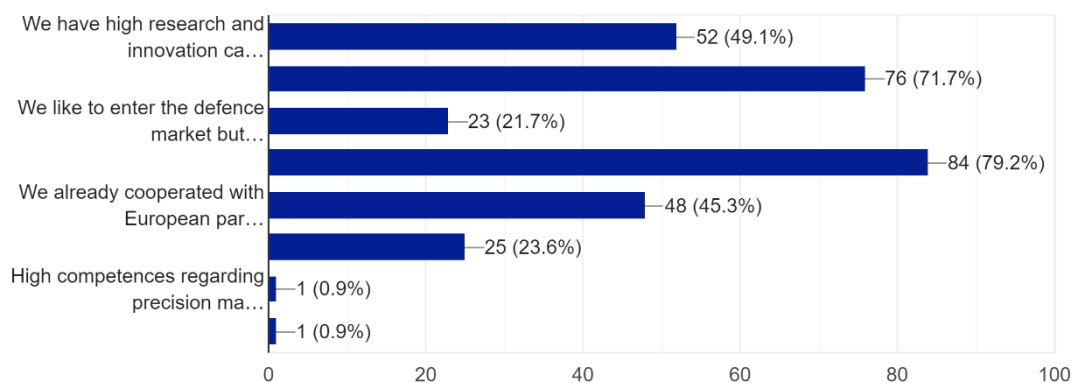
Implementation of defense equipment

partially

VR simulation and AI

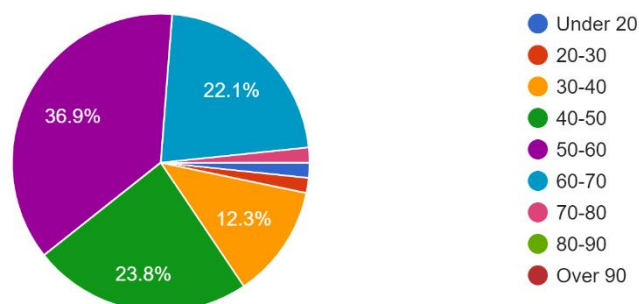
62. Tick when applicable for the SME where you work:

106 responses



63. What is your age group?

122 responses





## 67. Do you have any final remarks regarding this survey?

40 responses

I found the questions a bit leading.
No
Thanks
Thank you for the opportunity to participate to the Survey
I think it's truly a good idea and it has to be made oftenly
Very interesting, I look forward to read the results and actions to more facilitate the involvement of SMEs.
The survey is quite exhaustive and covers all the needed facets of the current situation of SMEs
The statements in this survey are my own and do not necessarily reflect the company's view.
Facilitate SME in technology developments by quotes and incentives to primes.
Good luck and congratulations for the initiative!
Thanks for giving me the opportunity to respond. The survey is well setup!
This could be a step in the right direction
Thanks
No
Good tot investigate SMEs cooperation
No
N/A
Next survey in my own language will be more comfortable and will be faster answered, in my case in German. Thank you!
it was a good idea to make it
Any way to improve communication channels are important. Hope it helps to find solutions. Soon everyone will want to cooperate and try to do something. Our Society is in a edge of a cliff. Cooperation is fundamental. Happy New Year to your Esteemed Team.
Aviaspace Bremen advised us to participate in this survey
no
I did my best .good luck
a bit long
Thank you for doing this detailed survey!
no
None at this time
It is in the interest of all stakeholders, governments, national MoDs, security services and manufacturing bases to spread tax Euro's far more widely than the high profit OEMs.
None identified
No
A very purposeful survey and for me, it does hi light the challenges faced by SMEs





No

None that I can think of

It was rather long. I think this would completely put off many people from answering

Far too long...

According to me the top priorities would be :

1 - Setting up a Strategic Plan for Defence issues at State and Europe level

2 - Create the conditions to make this Strategic Plan succesful by :

a- Calling for projects

b- Awarded the relevant project and companies

c- Create an In Land sustainable market for the industries (Orders)

d- Protect our SMEs (see Small Business Act in the USA)

e- Encourage the Euopean preference (such as USA)

Thank you for considering SMEs.

No. But I hope, I could help you.

You have reached half way of your goal. Please, do continue suporting EDF and SMEs

No