

Background

The western defence market is undergoing significant change in terms of:

- Declining defence budgets across Western markets
- The changing 'nature of threat' and subsequent technology strategy
- Increasing competitive pressures as traditional defence contractors adopt 'grow or die' strategies
- The growing role of SMEs and non-traditional defence companies in delivering innovation into the sector

Defence companies are looking at 'adjacent' markets to achieve economies of scale and to share non-recurring R&D costs. Sensor systems, cyber security and command, control and communications (C3) are viewed as areas of substantial potential market growth for civilian applications. For example the market for civilian security C3 is forecast to quadruple between 2010 and 2020 compared to a 35% decline in the military market over the same period ¹.

Clients turn to Qi3 when they want to diversify into civilian markets. Qi3 works with both large and small companies to help identify the most attractive markets for their technologies and develop market entry strategies which fit well with existing business models and ways of working.

Who we are

Qi3 has broad market expertise across a range of civilian sectors which are receptive to defence technologies from space to healthcare, environmental instrumentation to IT and communications. Our team consists of experts in market research, product marketing, marketing communication and commercialisation who really understand the market drivers and barriers to success in these sectors.

How can we help?

Qi3 has extensive experience in evaluating the fit between a technology and its potential markets. We aim to help companies develop strong value propositions, build lasting competitive advantage and increase market share through the identification of new opportunities. Qi3 demonstrates its value by:

- Identifying, analysing and prioritising diverse market opportunities ensuring a fit with existing business models
- Generating, testing and adapting value propositions to meet the real needs of a target market
- Devising market entry strategies for businesses seeking to enter the market or established businesses looking to diversify
- Developing and implementing technology/corporate acquisition strategies
- Generating potential customers and brokering strategic alliances, securing early sales opportunities
- Supporting the establishment of effective sales and marketing operations



¹ Ecorys: Study on Civil Military Synergies for the European Commission, May 2012.

Qi3 offers strategic, tactical and operational support to technology businesses, large and small. Our breadth and depth of commercial skills is combined with strong technical understanding and we deliver flexible packages depending on a company's individual needs.

Domains

We help our customers to maximise their potential in a wide range of domains, including:

- Defence & Security
- Environment & Sustainability
- Healthcare & Life Sciences
- High Value Manufacturing
- IT, Software & Communications
- Nanotechnology
- Space and Aerospace

Clients

Qi3 has delivered numerous projects in the defence sector for major defence contractors. We have undertaken projects for BAES, DSTL, DRS, L-3, Lockheed Martin, MBDA, and Selex, Our knowledge and contacts are kept up to date through our wide ranging work with large corporations, SMEs, start-ups, universities, and government organisations such as Research Councils, UK Space Agency, ESP KTN, UKTI and the European Space Agency.

Qi3 is involved at all stages of technology development within commercial and academic organisations. Our team has worked in defence diversification for many years; enabling us to quickly and effectively provide expert input into your business.

Private sector

- BAES - civil markets for fault diagnostic software for complex electro-mechanical equipment
- DRS Civil markets for robust electronics in hostile environments
- DSTL x-ray diffraction equipment for identification of threat objects and drugs in baggage and packages
- Lockheed Martin investigation of potential lateral markets for defence technologies
- MBDA – definition of potential opportunities in lateral markets for defence technologies
- Selex ES – development of new military and civil markets for the Intelligent Information Dissemination Product (I2D) managing information flows around communications networks
- Image Scan Holdings – evaluation of diversification opportunities and subsequent sales & marketing development for security x-ray imaging products into industrial markets
- Smart Architects – business planning and market strategy for hardware IT security token
- Unilever and Swarraton Partners– Due diligence on a company providing plasma coating technologies which reduces environmental impacts of fabric-treatment processes. The process was developed by DSTL and spun-out into a new company.

A Case Study MBDA



MBDA is a major defence contractor with operations in France, Germany, Italy, UK and the USA. It was formed by the merger of divisions of EADS, Finmeccanica and BAE Systems in 2001 and is a world leader in missiles and missile systems working with over 90 armed forces globally. In 2011 the company employed 10,000 people and had revenues of 3 billion euros.

Given the company's excellence in high performance, high reliability mission critical systems – MBDA decided to look at potential lateral markets not necessarily in the defence sector. These new markets would ideally be ones that made use of MBDA's experience with demanding engineering and system requirements. MBDA selected Qi3 to assist them in defining potential opportunities for the company in other market sectors.

The first task for Qi3 was to work with MBDA divisions in France, Germany, Italy and the UK to understand the company's core competencies and how they might be applied to the other industries. We then examined the value chains and supply chains in different markets to find the best business models and entry point for a company like MBDA. We also helped MBDA to understand nuances in different markets and which markets may be most appropriate for engagement. Our analysis included not only market size and growth potential but also the current competitive landscape and trends for the future.

Then, in close collaboration with MBDA, we down-selected a few potential market opportunities to enable us to evaluate them in more detail. At the same time, Qi3 introduced MBDA to key players in the certain market segments to test more directly the value MBDA could bring to these potential partners. Finally, we helped MBDA prepare a business case for review by senior executives at company. Throughout the whole process Qi3 acted as an integral part of the team working closely with MBDA engineers, staff and business development managers.

How do I get started?

Call Robin Higgons on +44 (0)1223 422404 or email robin.higgons@qi3.co.uk for a confidential discussion of your needs. For further information, please visit www.qi3.co.uk/domains/market-domains/defence-security/

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