5 FORCES IN THE AEROSPACE AND DEFENSE INDUSTRY

VIDEO TRANSCRIPT

Hi, my name is John Schmidt and I lead Accenture's global aerospace industry. And I'm here at Farnborough Airshow to talk to you about the five forces that are really driving disruption in our industry.

The first one is boundaries reimagined, we are seeing the emergence of new segments, EB talls, and am urban air mobility, and the commercialization of space. You know, the second one is a changing of customer expectations, the DoD expecting more and more digitization and how the product is designed, manufactured and sustained over time, we're seeing an infusion of new technologies into the products, AI and cyber capabilities, even extending into the metaverse and we're seeing the reactions of our clients in terms of their investments, and mergers and acquisitions activity, really rethinking what this industry is and what it means to be a player in aerospace defense.

The second one is talent renewal. Talent is continual challenge for this industry. In fact, 50% of executives we interviewed said that they expect the full 50 of their workforce to have to work in new domains using new technologies within the next five years, a phenomenal shift.

The third one is sustainability. We're here at the Air Show, and it's everywhere at the Air Show sustainability being driven by what companies are doing within their own four walls, if you will, on scopes, one, two, and three, as well as in the products that are designed and delivered this technology, thinking about new energy pathways, new propulsion technologies, airframe configuration, structural materials, onboard systems to really go for that net zero 2050 goal.

Fourth one is global uncertainty. I mean, it doesn't take too much to look at what's going on in Russia and Ukraine right now. Or to think about the South China Sea to understand that governments around the world are rethinking their investments in the requirements of their own defense capabilities.

And then finally, the ongoing digital revolution in this industry. The advances in cloud and AI data, 5g, and even the metaverse and the beginning of that continuum with things like digital twins of the product, the factory, the supply chain, are all impacting this industry and driving companies to think about where they need to be, how they need to compete, and the customers and how they're going to serve them in the future. It's a very exciting time.