A digital coming of age
Solving old problems in new ways in the aerospace and defense industry

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“Digital is fundamentally changing the way aerospace and defense companies operate—from how they interact with customers and stakeholders to how they manage their employees and differentiate themselves in the market and grow their businesses.”

John Schmidt, Managing Director - Aerospace & Defense Lead, North America at Accenture
Chronic Delays—A Global Problem

Widespread delays and problems related to program execution continue to plague the aerospace and defense industry, costing companies billions and in some cases, tens of billions of dollars in direct costs and lost sales. These delays have also led to deteriorating market values and diminished manufacturer credibility.

A primary reason these problems persist is the extraordinary complexity of today’s major platforms. Typically, hundreds of suppliers are involved in these initiatives and their decisions are interwoven with those of a multitude of other suppliers.

Compounding this complexity is a wide geographic dispersion of suppliers across virtually all regions of the world: Asia-Pacific, Europe, Latin America, the Middle East and North America.

Additional byproducts of the rising rate of program delays and higher complexity include:

- Fragmented, misaligned product development processes.
- Supply chain miscalculations.
- Manufacturing and engineering inefficiencies.

Solving these challenges is strategically and financially critical to the overall health of the industry and essential to help drive higher revenues and profits, lower production costs, reduce time to market, and deliver more affordable and reliable in-service experiences to platform customers.

The Asian-Pacific Perspective

Today, Asia-Pacific is one of the fastest growing aerospace and defense markets globally. For instance, Asia-Pacific is currently on par with North America and Europe in terms of revenue passenger kilometers and will be surpassing these regions in the coming years. As demand for new aircraft and defense systems continues to rise, growth in this region is expected to far exceed that of western markets.

While established manufacturers are seeking to increase their presence in the region, new entrants are launching major new programs. Players in this region are not exempt from the challenges facing their global counterparts. However, how these companies build their service and support capabilities, and solve program complexities and delays will be of critical importance in this fast growing region, as Asia-Pacific is likely to be one of the most important sources of new commercial aircraft and defense system orders for over the next several years.

Embracing the Digital Mindset

The concept of digital in the aerospace and defense domain is not a new one. What is new is the much higher levels of subcontracting, global design and development, and maintenance-related data available from in-service aircraft. The industry is embracing a digital mindset like never before—increasingly decisions are being made from the perspective of an all-digital business, including those surrounding product development, operations, supply chain, marketing, procurement, engineering and services.

This new and coalescing digital mindset aims to ensure that the digital pipes linking product development, engineering, supply chain and the in-service fleet continue to flow with high-quality data, which currently is often lacking.

The evolution of Product Lifecycle Management (PLM) technologies and capabilities is a great example of how the digital mindset is gaining traction. PLM, which is becoming increasingly important in the aerospace and defense context, now encompasses all product development processes and systems, from original conception, through servicing, until the end of the product’s life. By reducing cycle time, improving integration across functional silos and enabling quicker cash generation, PLM is helping companies out-execute the competition by launching more successful products.

Digital is fundamentally changing the way aerospace and defense companies operate—from how they interact with customers and stakeholders, to how they manage their employees and differentiate themselves in the market and grow their businesses. Aerospace and defense’s digital coming of age is fueling advances in capabilities and technologies that are addressing traditional problems in new and innovative ways.

This is especially important in the Asia-Pacific region—a fast-growing market where the fundamental demand drivers of passenger air traffic and in-region military build-up indicate significant market potential for digital assets, ranging from product lifecycle manufacturing technologies to in-service product support.

As digital technology changes the way the world conducts business, aerospace and defense companies will need a proactive digital strategy that improves operations, increases customer interaction and better their ability to service and sustain programs. Companies who fail to capitalize on the opportunities presented by the digital revolution may find themselves left behind.
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