

Defense Industry News

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FCS Officially Terminated



23 June 2009, AviationWeek.com

The U.S. Army's Future Combat Systems (FCS) has officially been canceled, according to an acquisition decision memorandum (ADM) released June 23 by the Defense Department's Undersecretary of Defense for Acquisition, Technology and Logistics, Ashton Carter.

The Army's troubled, \$160 billion-plus modernization program -- led by Boeing and SAIC -- had long been in the sights of critics, and this year their numbers included Defense Secretary Robert Gates, who announced in April the termination of the program's major Manned Ground Vehicle (MGV) component.

Army modernization is now being rebranded as the Brigade Combat Team Modernization Strategy, with elements of FCS sensor, unmanned aircraft and communication technologies envisioned as being spread across the whole land force (Aerospace DAILY, June 12).

Technologies pegged to survive in some form include BAE Systems' Non-Line-of-Sight Cannon (NLOS-C), which since 2006 has had its own funding stream but depends on the MGV program for its platform. In the ADM, Carter explicitly said that work be stopped on the NLOS-C, "and that the Army take the necessary contractual actions to implement this decision."

The Army is being given 30 days to come up with a plan and brief Carter on where the armed service wants to go. It is also given until July to "brief key stakeholders...on the results of the FCS System of Systems Preliminary Design Review (PDR) to facilitate understanding of the FCS program designs and investment to date in sensors, the network and vehicles."

Teal Group 10-yr Defense Electronics Forecast

Paris Air Show, 18 June, (U.S. Newswire Via Acquire Media NewsEdge)

- Raytheon will lead a \$381 billion defense electronics market over the next ten years, according to a series of six Market Overviews released today by Teal Group Corp. of Fairfax, Virginia. The overviews analyze the C4I, electro-optics (EO), electronic warfare (EW), radar, and sonar markets, and a summary overview, with an emphasis on the U.S. market.
- The largest defense electronics market sector will be C4I (\$100.7 billion), followed by radar (\$90.4 billion), EW (\$77.8 billion), and EO (\$73.8 billion). The highest growth rates will be - perhaps surprisingly - in electronic warfare, with CAGRs of 8.1% (5-year) and 5.3% (10-year).

In a major turnaround from the past two decades, EW will offer the best opportunities for both growth and value, as part of an overall market shift toward C4ISR. According to Dr. David L. Rockwell, Teal Group's Senior Electronics Analyst, "faced with real casualties, electronics funding is again turning to EW."

- **Forecast Highlights:**
- Raytheon will lead by a substantial margin, with \$66.9 billion, number one in C4I, EO, and radar markets, number two in sonar, and fourth in EW.

Northrop Grumman will place a reasonably close second overall, with \$51.4 billion in funding, based on leadership in EW, a strong second in radar (half of Northrop's total forecast funding), and fourth places in C4I and EO.

Lockheed Martin will show a close third, absent from many market sectors but dominant in others, especially airborne fighter and attack helicopter targeting systems and naval radar. Lockheed will lead the sonar market due to its already dominant A-RCI program, and place a close second in C4I. Total Lockheed value: \$45.6 billion.

BAE Systems will follow Lockheed in fourth, with less than half its funding. BAE will earn \$19.3 billion, due primarily to its strength in EW.

Teal Group's Military Electronics Briefing includes almost 200 in-depth reports on the world's top defense electronics programs (with an emphasis on the U.S. market). Teal Group is an aerospace analysis firm based in Fairfax, Virginia USA.