

**CBDAlF January 21<sup>st</sup> 2011**

Sector Report – Protection

Q1 *“Given the obvious constraints on what can and/or cannot be openly discussed at this time, how satisfied IS Industry with current communications – too much/too little/too tentative; and what is the resultant impact or effect that might be having on your respective businesses;”*

- While the JPEO has been as open as possible the overall picture is very uncertain and ambiguous, the sudden FY12 funds shift to medical manufacturing has generally left companies skittish and unwilling to invest IR&D in the CB area. This is exacerbated by the FY11 Continuing Resolution Authority and associated limitations on new start programs and unknown FY11 spending limitations
- We need much more up to date information about the budget. We realize that in this climate things may change but----if we remain on a CR all year which programs are at risk
- Is there, for example, a limitation on procurement funds for this year (i.e. 80% of FY10 funds)
- If the CR is resolved quickly what will go forward? What is the schedule?
- These factors combined with the general downturn in defense spending make industry very uneasy, unable to adequately judge risk, and make many companies consider leaving the sector

**Protection Sector**

## *Q2. If you can share, what adjustments / reactions are you initiating in response;*

- Not knowing what is coming this year obviously makes it very difficult to plan, cautious approach is to reset resources such staff and labor to a lower levels
- The JPEO states their 3 major priorities are biosurveillance, Non-Traditional Agents, and Advanced Medical manufacturing. Biosurveillance appears to have no funding lines associated with it . NTA's seems limited to a small set of "in the know" companies while the rest of industry is cut out. Advanced Medical Manufacturing is consuming most of the S&T and RDTE budgets, and procurement, where companies make most of their money, is significantly down. Why should industry invest in the area and believe that anything beyond Medical Manufacturing matters and will enjoy any funding stability?
- Companies are becoming risk averse in the fiscal environment and about the loss of IR&D.

*Q3. And finally, what are YOUR thoughts with regards the various “efficiencies” being planned / implemented by the Government?*

- Definite slow down in contract and procurement activity which has detrimentally effected current programs and planned programs
- Does the push for more competition really make sense when there are fewer resources to manage more contractors and true efficiencies of scale in manufacturing may not be realized
- Spreading less over a wider industrial base means higher cost of products