

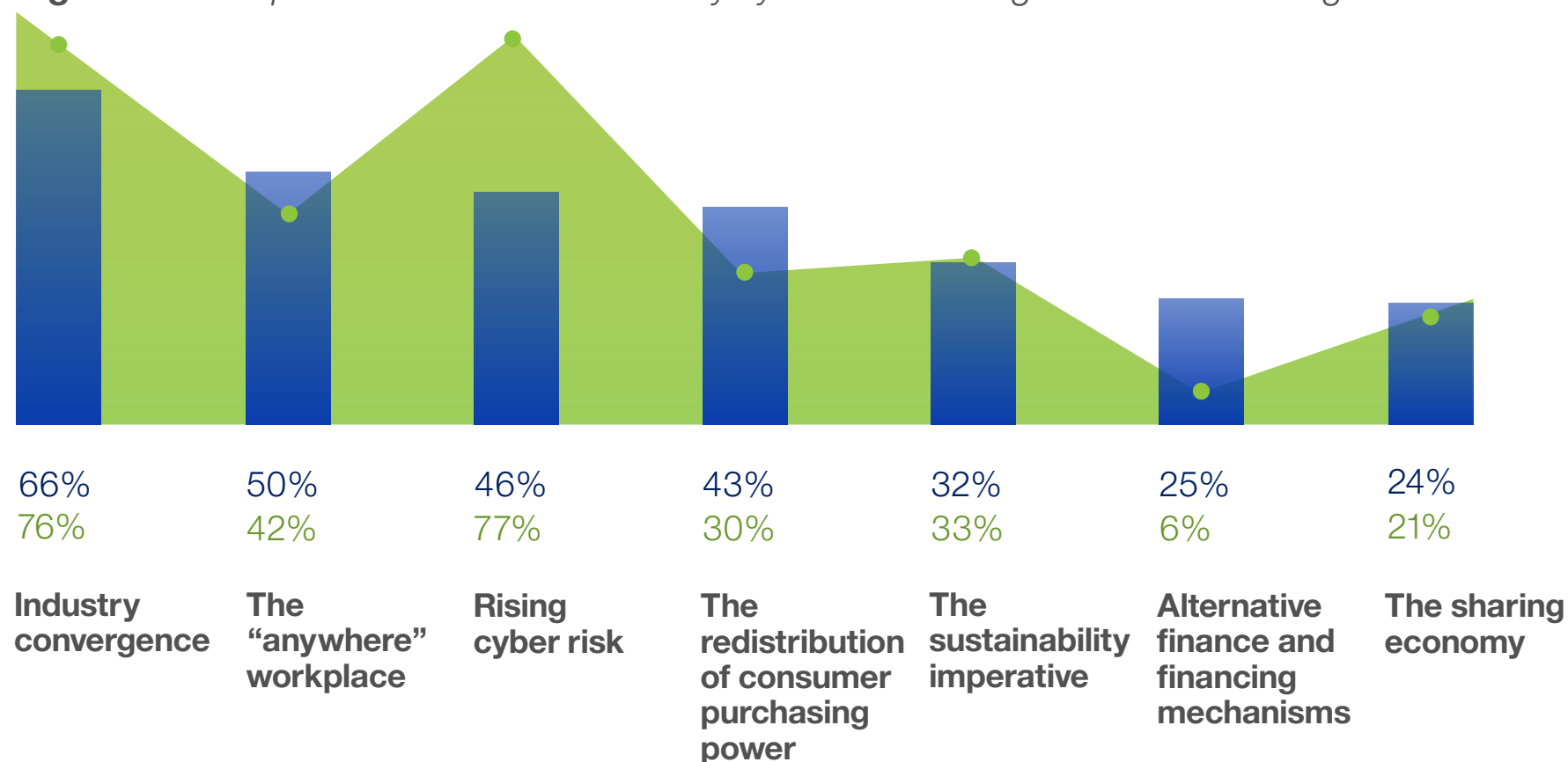
REDEFINING BOUNDARIES

Insights from the Global C-suite Study

Aerospace and Defense Industry

We surveyed 82 top executives from the Aerospace and Defense industry for our latest C-suite Study. So how do they stand out?

Figure 1. Aerospace and Defense CxOs say cyber risk is as big a trend as convergence



Two key trends

Aerospace and Defense (A&D) CxOs are unique in believing that rising cyber risk is as big a trend as industry convergence in the business space. They told us everything else pales into insignificance by comparison (see Figure 1).

■ Global
■ Aerospace and Defense



REDEFINING BOUNDARIES | Insights from the Global C-suite Study

Aerospace and Defense – Industry Point of View

They're also much less nervous about the prospect of more competition from unexpected quarters than CxOs in our overall sample – probably because the capital and expertise required to operate in the A&D industry make the barriers to entry exceptionally high (see Figure 2). This may, likewise, explain why 37 percent of A&D CxOs are looking to external partners for innovation, compared with the overall average of 57 percent. A&D CxOs appear to think there are relatively few enterprises with the highly specialized skills they need.

A different take on tech

A&D CxOs expect technology to have a far larger influence on their organizations than any other outside force over the next few years. They regard market pressures and regulatory concerns as much less powerful factors than their peers in other sectors do (see Figure 3).

Figure 3. A&D CxOs say Technology is the main game-changer

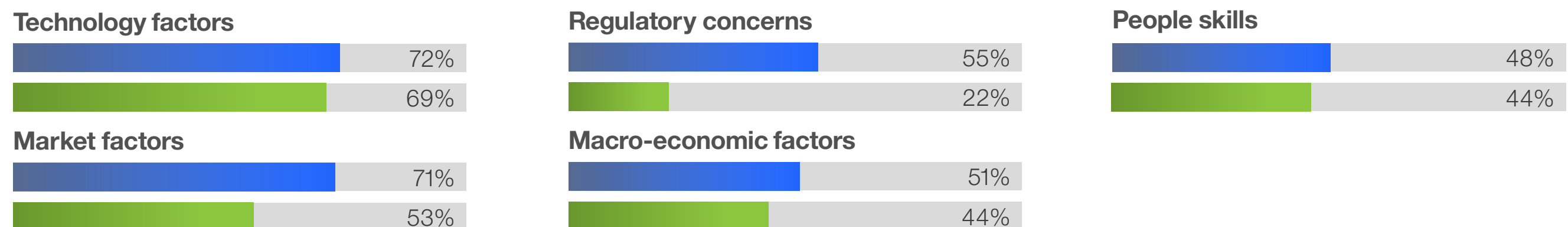
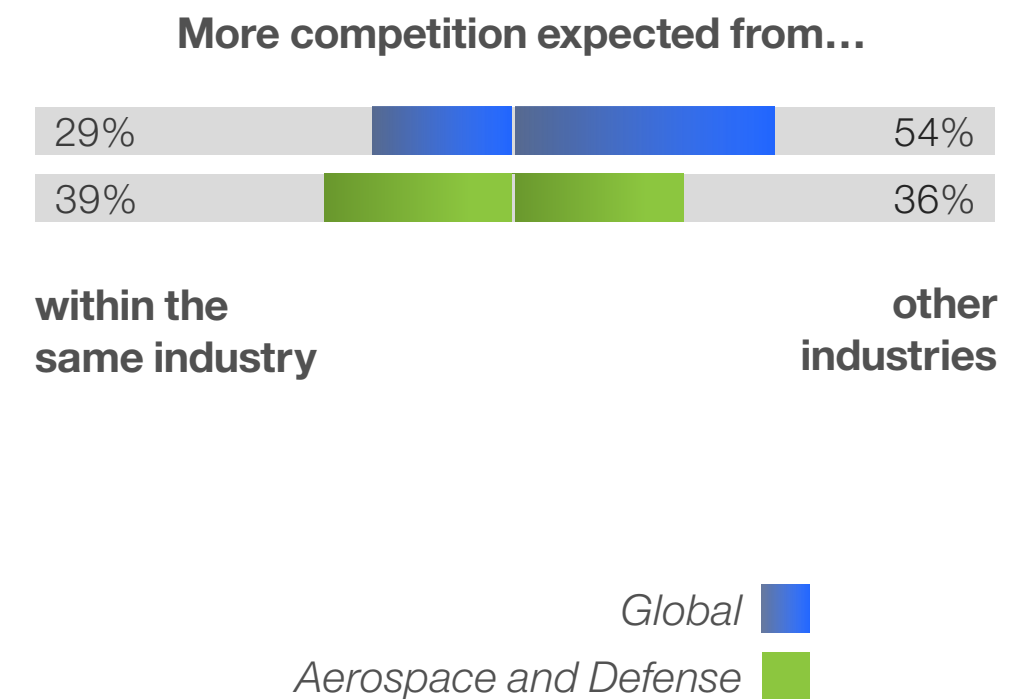


Figure 2. A&D CxOs worry far less about outsiders entering their patch

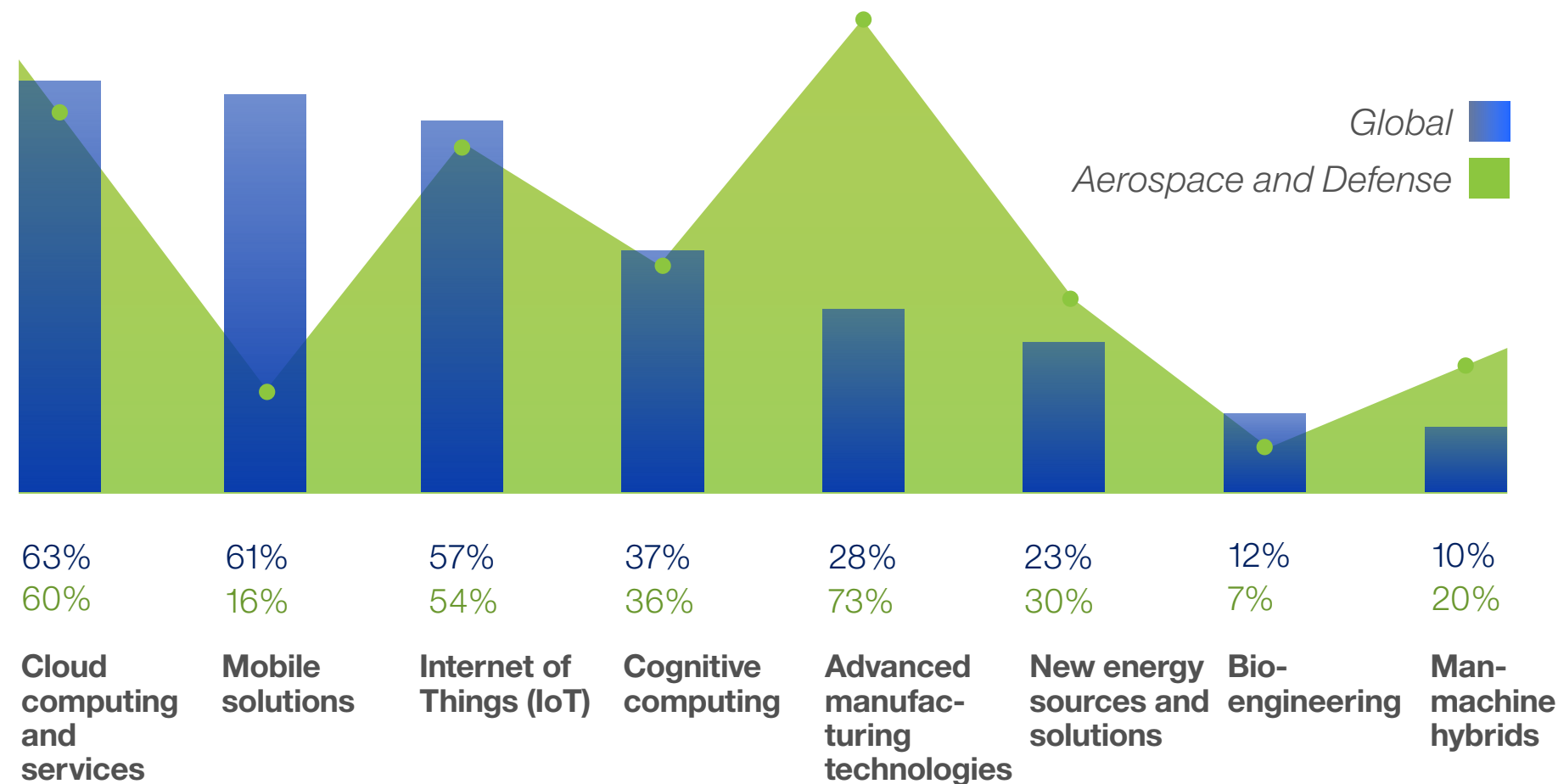


REDEFINING BOUNDARIES | Insights from the Global C-suite Study

Aerospace and Defense – Industry Point of View

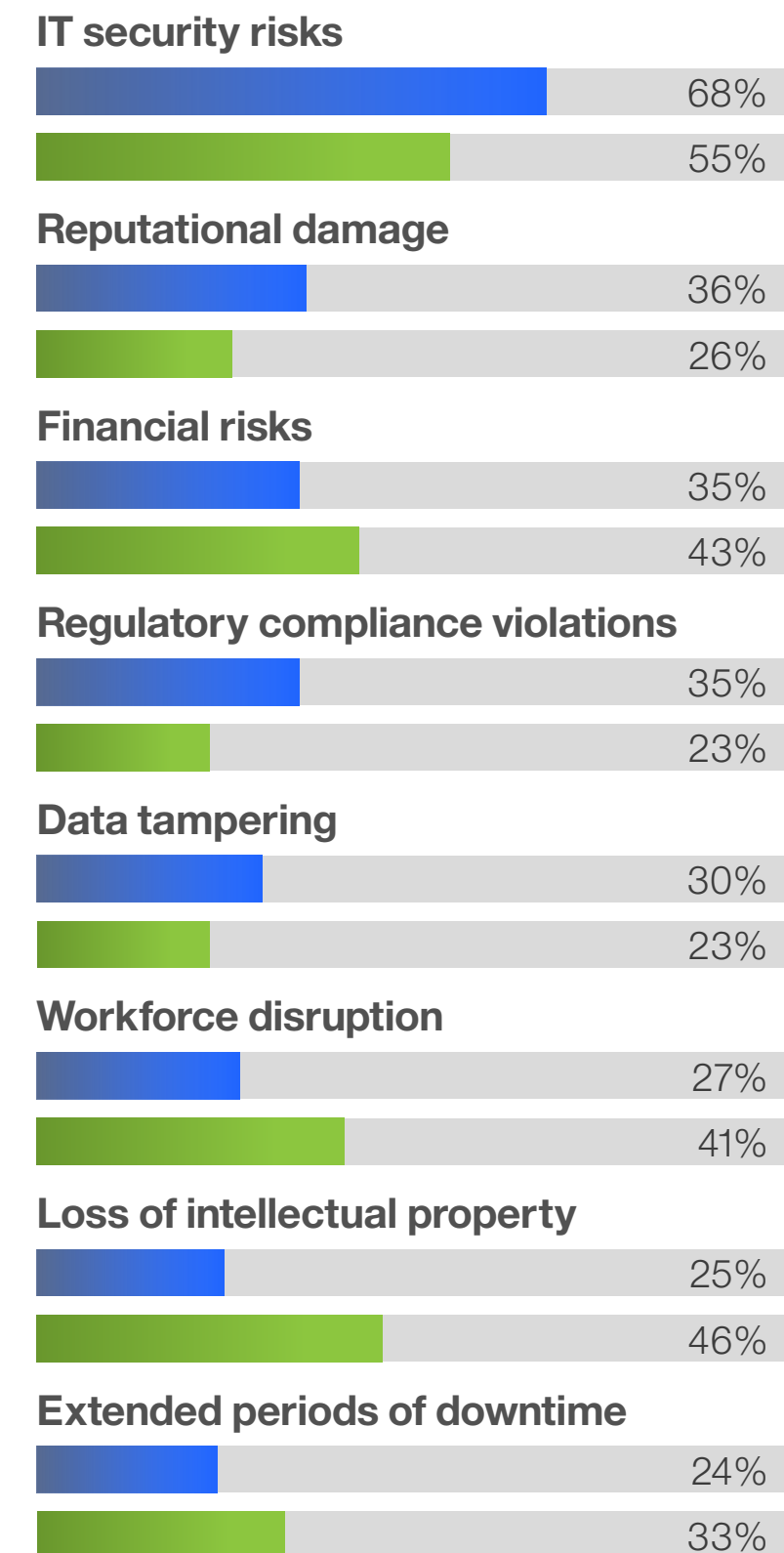
A&D CxOs differ in terms of the technologies they think will matter most, too. Like other CxOs, they're betting on cloud computing, but – predictably, perhaps – they're even more bullish about the potential of advanced manufacturing technologies. They're also more interested in exploring new energy solutions and man-machine hybrids (see Figure 4).

Figure 4. A&D CxOs are focusing on new manufacturing technologies



Yet new technologies bring new risks – as A&D CxOs clearly recognize. Although they're nervous about IT security (in common with most CxOs), several other risks weigh almost as heavily on their minds (see Figure 5).

Figure 5. A&D CxOs worry more about a wider range of threats



REDEFINING BOUNDARIES | Insights from the Global C-suite Study

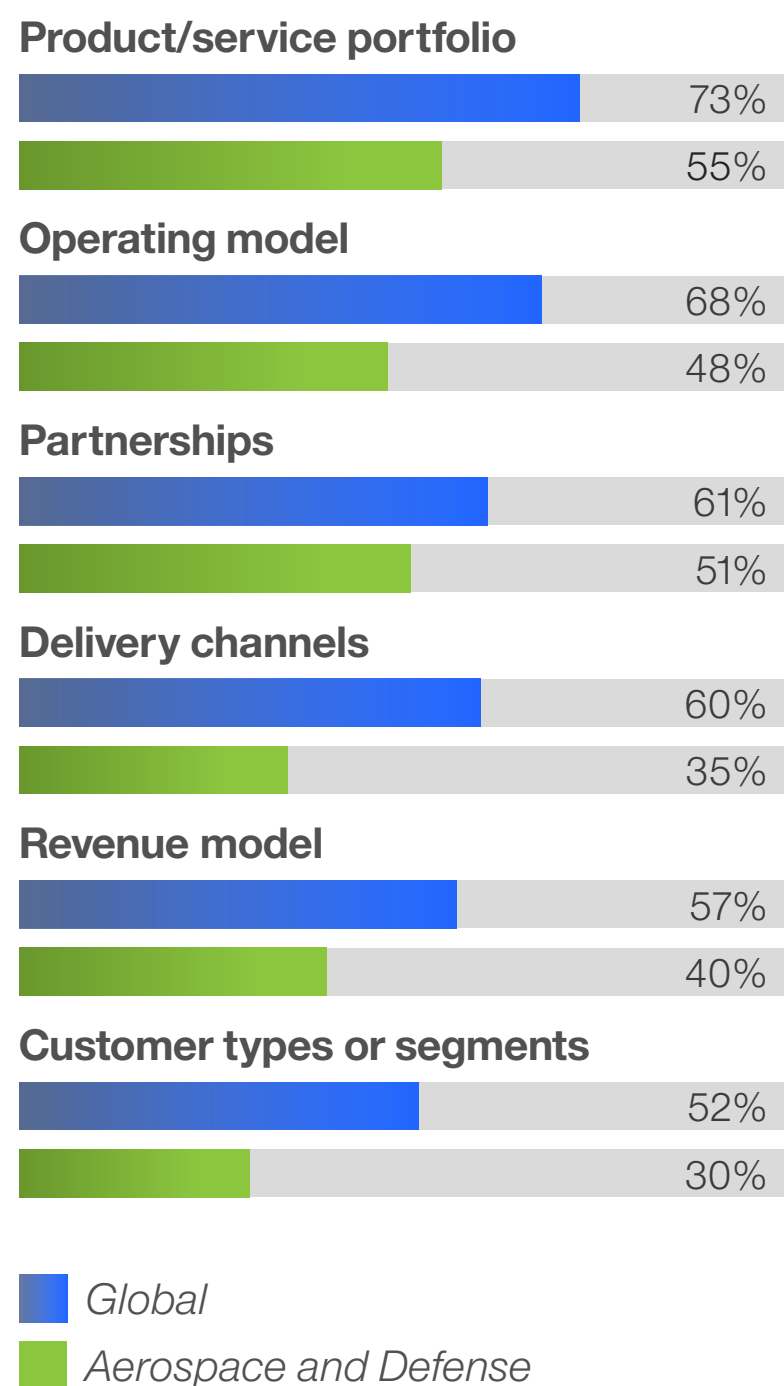
Aerospace and Defense – Industry Point of View

Cautious approach

Ironically, however, A&D CxOs are much less likely to plan on reviewing the core parts of their businesses to capitalize on technological advances than the CxOs in our overall sample (see Figure 6). This seems somewhat odd. Admittedly, new technologies will have little impact on the customer types A&D companies target and the delivery channels they use. But they could have a profound effect on the products and services some firms offer, as well as how they operate and generate revenues.

A&D CxOs are also more wary about reaching the market first with new offerings than the most successful enterprises in our study. Torchbearers, as we call them, possess several distinctive traits, including the fact that four-fifths of them are focused on becoming market pioneers. A&D CxOs aren't nearly as bold. Only 58 percent aim to be first movers.

Figure 6. A&D CxOs are less intent on reviewing their businesses



You can see the various installments of our latest Global C-suite Study at ibm.com/csuitestudy



© Copyright IBM Corporation 2016
Produced in the United States of America

IBM, the IBM logo, ibm.com and IBM Global Business Services are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at ibm.com/legal/copytrade.shtml.

IBM Global Business Services
Route 100
Somers, NY 10589
U.S.A.