



INDUSTRY AT A CROSSROADS

MathWorks Aerospace and Defense Conference 2007

John Douglass, President & CEO
Aerospace Industries Association
June 5, 2007



AIA Leadership



William H. Swanson
AIA Chairman
Chairman & Chief
Executive Officer
Raytheon Company



John W. Douglass
President & CEO
Aerospace Industries Association



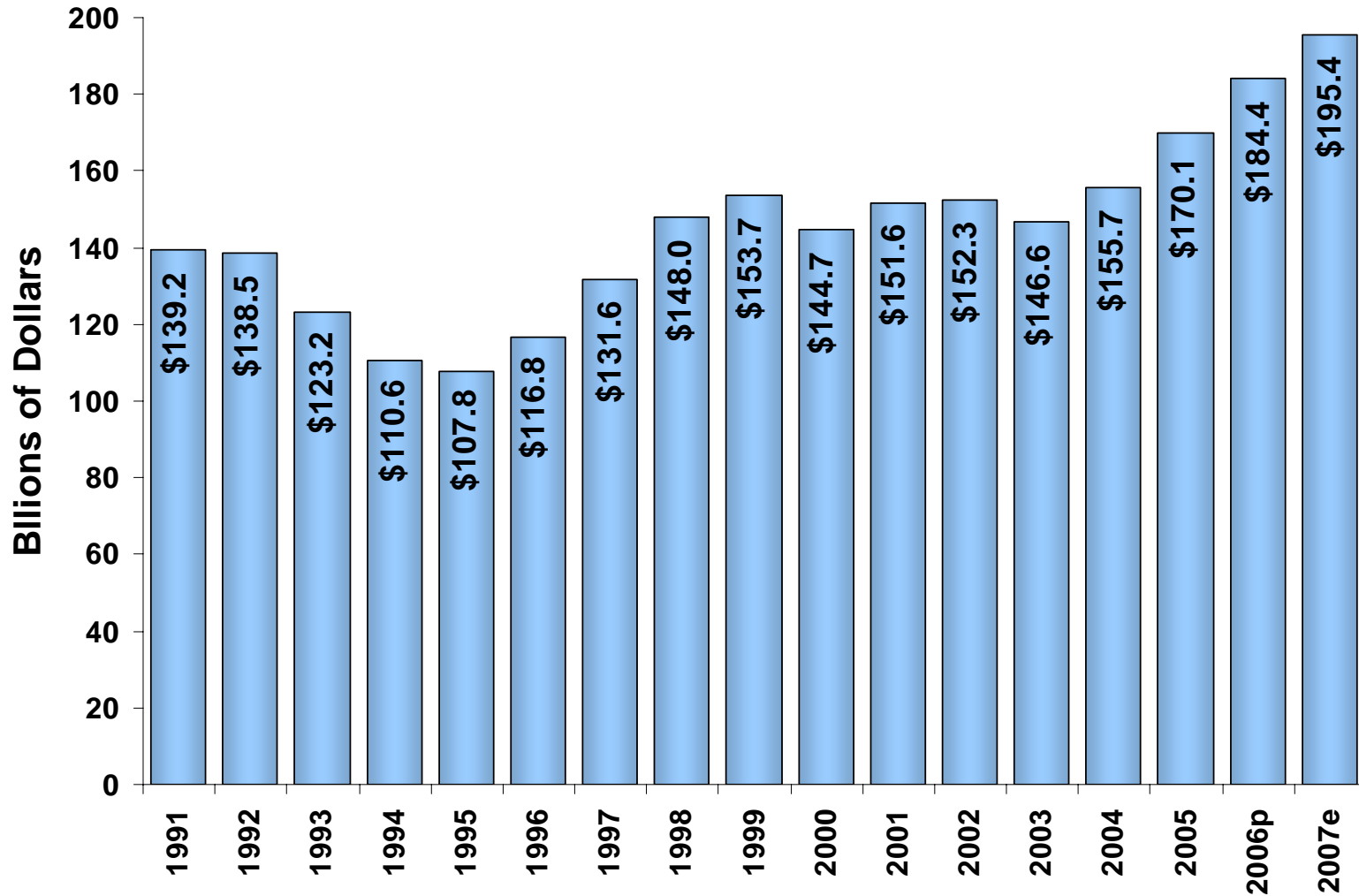
Clayton M. Jones
AIA Vice Chairman
Chairman, President &
Chief Executive
Officer, Rockwell
Collins

103 Regular Members
172 Associate Members

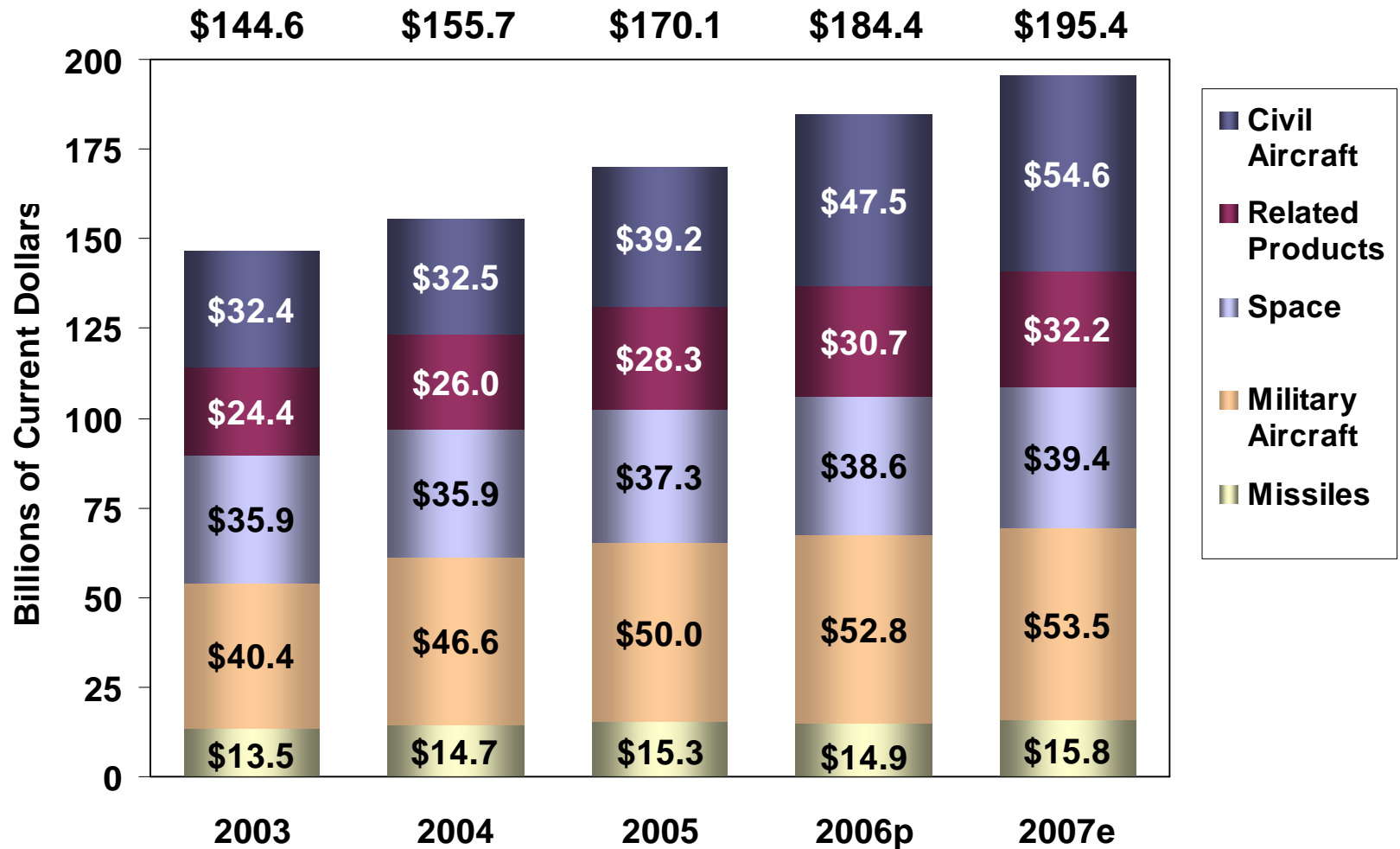
AIA Top 2007 Issues

- Advance Ethical Business Practices Worldwide
- Promote the Development of a Modern Export Control System
- Promote U.S. Trade and Export Competitiveness in a Free and Fair Global Marketplace
- Promote Acquisition Excellence
- Support Transformational Improvements to the U.S. Aviation System
- Promote the Long-Term Vitality of the Aerospace Industrial Base and Sustain U.S. Military Preeminence
- Increase U.S. Government Financial and Policy Support for Civil and Commercial Space Projects
- Encourage the Revitalization of U.S. Aeronautics Research
- Support a Robust U.S. National Security Space Program
- Increase Awareness of the U.S. Aerospace and Defense Industry as a Strategic National Security and Economic Asset

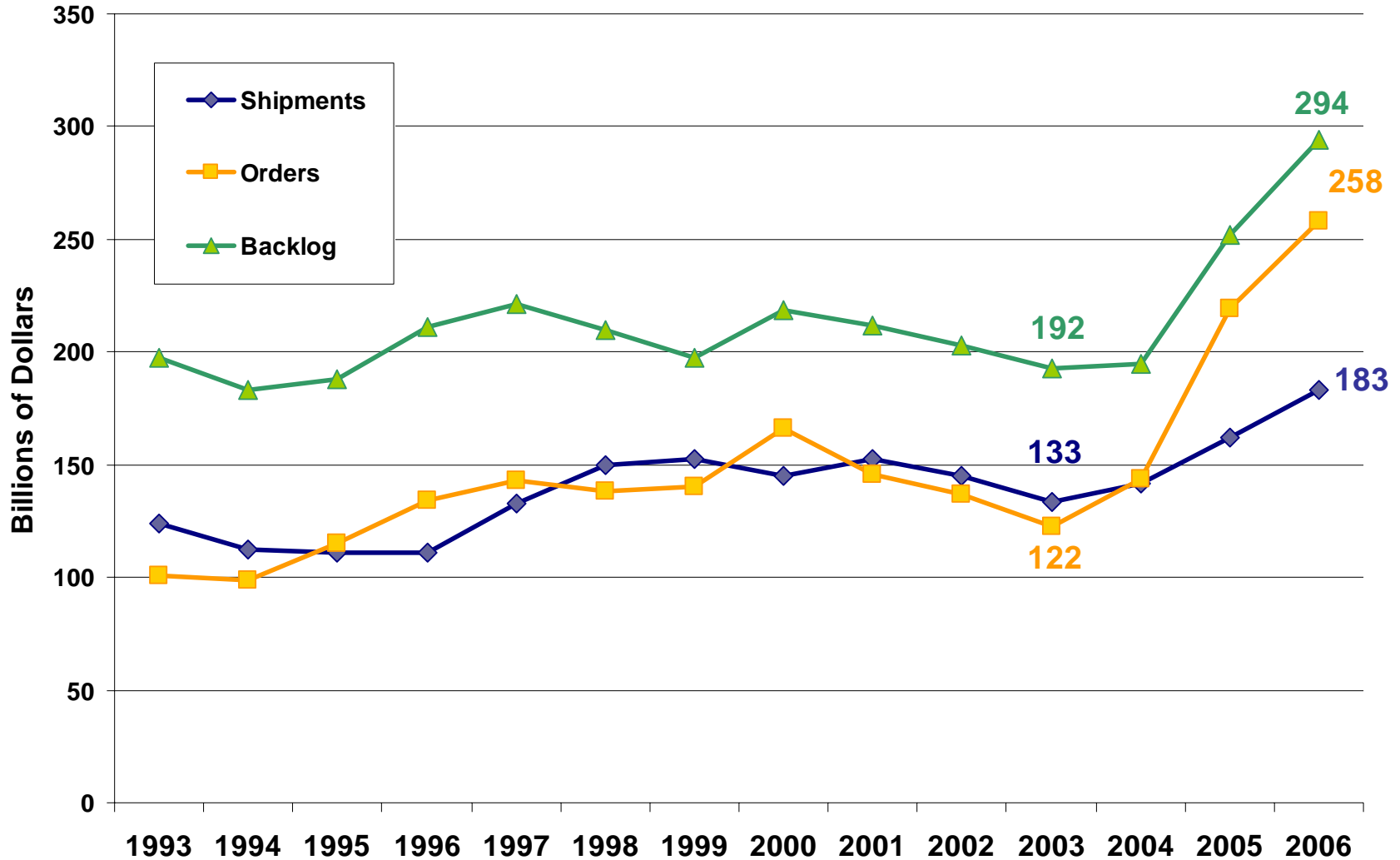
Aerospace Industry Sales



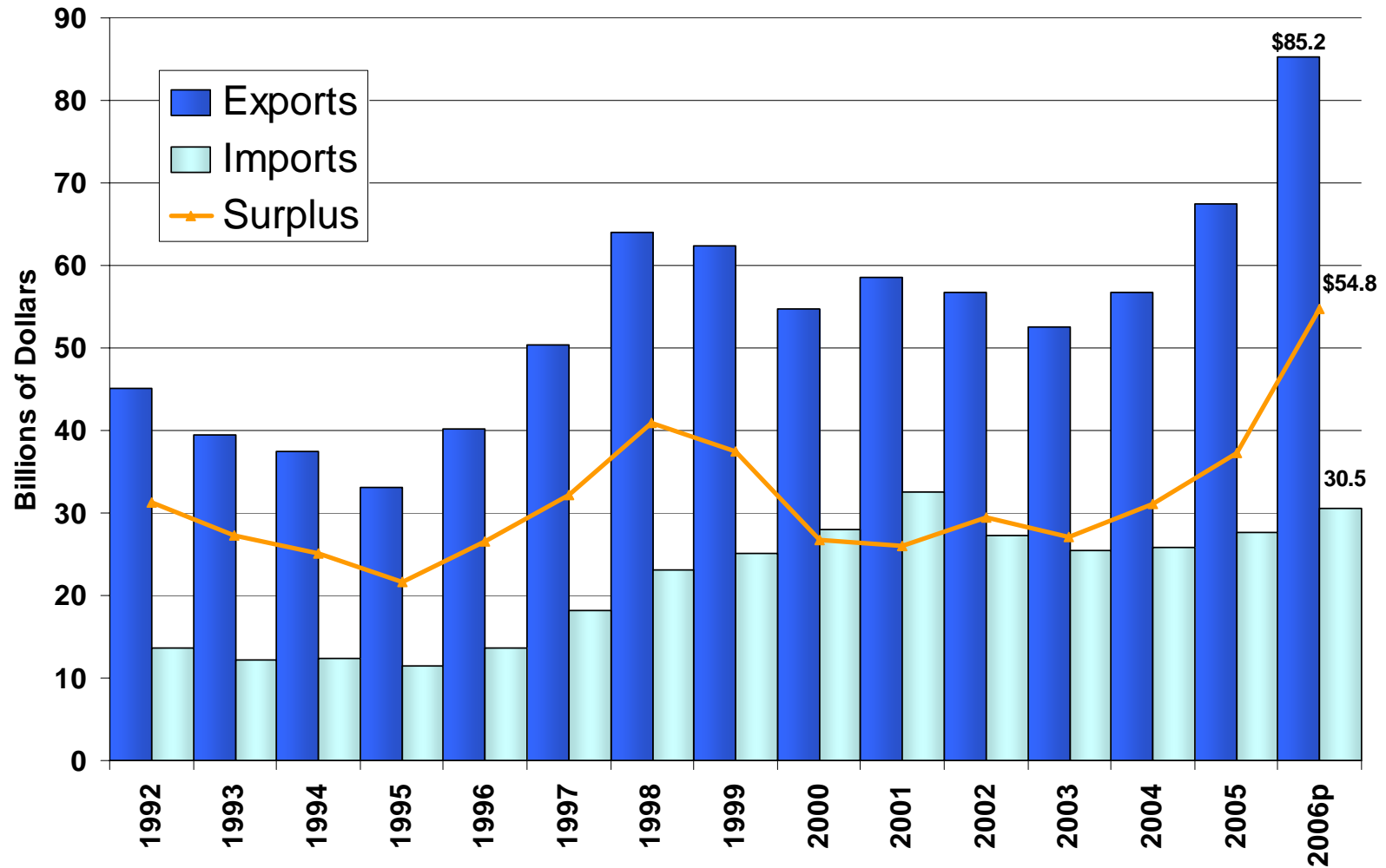
Aerospace Industry Sales



Orders, Shipments, and Backlog



Aerospace Foreign Trade



Importance of Efficiency

- Manufacturing companies are in a constant battle to reduce cost, improve quality, and shorten delivery times
- Increasing importance of advanced technology, including software and electronics, for efficiency and cost-saving
- Supply chain integration essential to streamlined business practices
 - AIA Supplier Management Council facilitating partnerships between software providers and suppliers through Services Working Group
 - High-tech software application providers now eligible for AIA associate membership
- Improved productivity reflected in changing nature of aerospace and defense workforce
- International partnerships foster global technology sharing
- Aerospace advancements seen in a variety of industries

Challenges in R&D

- Changing nature of federal R&D funding – narrow, focused
- Increased global competition for most advanced technology
- Rise of private/company-funded R&D
- Space
 - Transition from the shuttle program
 - Real cost of exploration
 - National security space programs
- Civil
 - Air traffic control modernization
 - Equipage of users
 - Interagency dependence
- Defense/National Security
 - To do what? Long-term strategy for War on Terror?
 - Civil-military integration
 - Looming recapitalization bill
 - Export controls

Developing the Next Generation Aerospace Workforce

- Federal Initiatives
 - STEM education legislation (passed during 109th Congress)
 - Interagency Aerospace Revitalization Task Force (passed during 109th Congress)
 - Upcoming AIA/Labor Department national summit on technical education will shape the task force's agenda.
- Industry Alliances
 - U.S. Chamber of Commerce and Business Roundtable effort underway; AIA to join
 - NDIA and DHS conferences

Developing the Next Generation Aerospace Workforce

- AIA Initiatives
 - Goal: Increase number of students choosing technical education (degreed and non-degreed)
 - Philosophy: Raise the tide for everybody and aerospace will get its share.
- Main thrusts:
 - Create excitement for math and science among K-12 students
 - Encouraging the development of qualified teachers.
 - Develop ideas on use of retirees to teach
 - Turn the brain drain into an asset

27% of aerospace engineering workforce eligible for retirement by 2008

Developing the Next Generation Aerospace Workforce

- AIA Initiatives (continued)
 - Hosting national summit on technical education in conjunction with Department of Labor in July.
 - AIA developing Web sites:
 - for teachers and students
 - for companies to share best practices and proven curriculum
 - Creating industry promotional video (YouTube, DVDs)
 - Organizing annual Team America Rocketry Challenge
 - AIA endorsed Project Lead the Way and National Collaborative for Engineering Education Reform

Team America Rocketry Challenge

- Sponsored by AIA and National Association of Rocketry (NAR)
- Created by AIA in 2003 to commemorate centennial of flight
- 2007 Challenge was to design, build, and fly a model rocket carrying a raw egg and return it safely to the ground while staying aloft for exactly 45 seconds and reaching an altitude of 850 feet
- Almost 600 students from the top 100 teams competed in the national finals (May 19 at Great Meadows in The Plains, Va.)
- Top 10 teams share more than \$60,000 in scholarships
- A team from Newark (California) Memorial High School won the Team America Rocketry Challenge Saturday, with a score of 1.86.

Team America Rocketry Challenge



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