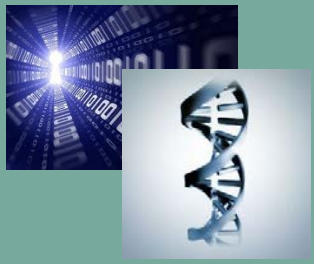


Lockheed Martin's Interest in the Innovation Financing Ecosystem

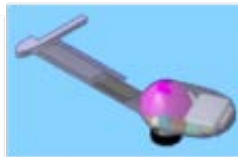


Presentation by Scott Fouse
Director, Lockheed Martin Advanced Technology
Laboratories
NAS-GUIRR
February 25, 2014



Advanced Technology Laboratories

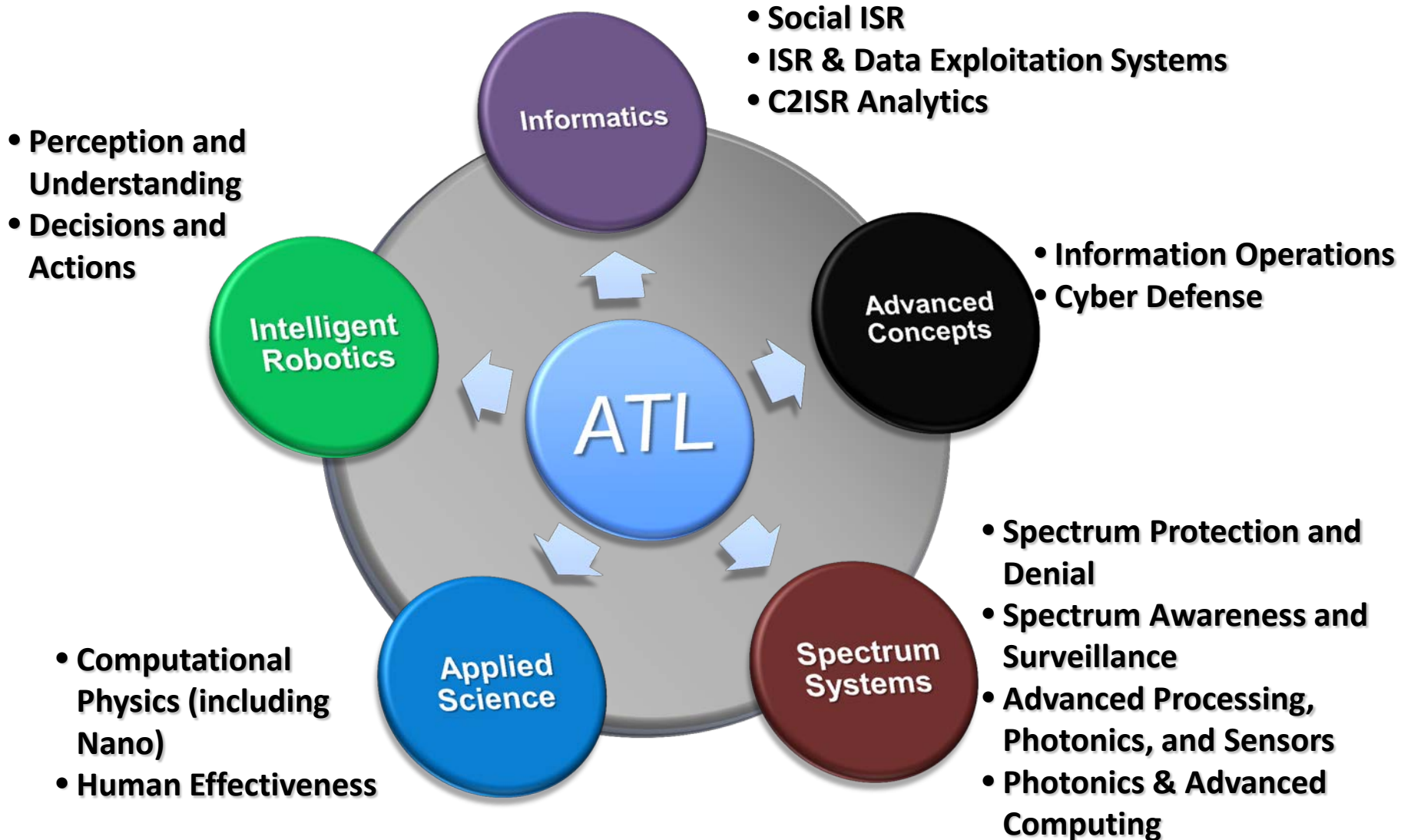
Innovation with Purpose



We partner with Lockheed Martin Business Areas to engage the S&T community and develop innovative and disruptive technologies and ground-breaking capabilities for extension of programs of record and expansion into new lines of business

Engaging the S&T customer to support creation of the next generation LRP

Advanced Tech Lab Organization



Some Observations on Aerospace New Fiscal Realities



- In an affordability-driven world, “exquisite” (highly integrated) products are no longer viable
 - *Per-unit costs are high due to design sophistication and “first-time” R&D costs*
 - *Exquisite products are falling out of favor in an environment driven by affordability and ever-higher technical sophistication available on the commodity market*
- For an increasing number of technical areas, the best technologies and technologists are found outside of Aerospace
 - *Need to be able to access those technologies to provide the best and most affordable to our customers*
 - *FAR structure makes it hard to access those technologies and technologists*
- Lower development costs will be required to win future development programs
 - *An aerospace standard cost structure will make many programs of a certain size and visibility targets for early termination over cost concerns*
 - *An innovative business model is required that forces costs to attractive lows and increases the speed of development and innovation*

The Need for a Systems Approach



- Co-investment by the capital markets could speed translational science
 - *Succeed early; fail early*
 - *Accelerated commercialization*
- Use of commercial agreements allows for
 - *Reduced expense in time and money*
 - *Large scale, multi-stage government funded R&D to move ahead at the speed of science*
- The idea of open standards financing tools is very attractive
 - *Aligns government R&D funding and capital markets*
 - *Enables scale that would also allow for collection of metrics and knowledge*
- Lockheed Martin, as a leader in Systems Engineering, sees value in participating in the systems design of this new innovation ecosystem
 - *First Industry Sponsor of the Innovation Financing Roundtable*
 - *Help catalyze a new way of doing business for government contracting*

Why This is Important



- Opportunity to take a key leadership role in a new national innovation ecosystem
- Access to new disruptive IP from across the nation
- Improve our position for attracting top technical talent
- Ability to partner with non-traditional organizations, enabling many more technology development projects
- New partnerships with commercial organizations can have dramatic impact on affordability of future systems as components find commercial outlets to amortize development and production costs

