

JON JONES: Well, thank you, General Manner, and General Schwartz, and distinguished attendees, thank all of you for this opportunity to discuss these important subjects. And, I have heard some great subjects discussed today. I understand that I am the last person speaking between now and the reception, so I'll try and get through my remarks quickly.

I'll do that by focusing my remarks through a singular lens. And, that lens is innovation. We've talked a lot about threats today. We know, as threats change, we must respond with speed and agility in order to successfully overcome future threats. As such, I want to talk about innovation in, really, three ways. And, it's the three areas that I think highlight them the best.

We as an industry need to employ innovation in a way that we can provide capabilities to our war fighters. And this means enhancing both existing capabilities, but responding to new threats as well. Also, we-- meaning the United States-- must be innovative in our acquisition and export policies. And finally, we-- industry and government together-- must become more innovative in the way we partner to deliver capabilities. We need innovation in all of these areas.

First, let's talk about industry's role and our accountability as part of our nation's defense. I think I can speak for every company in this business, and say that we all wish to become the Air Force's most trusted provider for your most difficult solutions. I know that's Raytheon's goal. But, to be successful requires that innovation be fresh and be kept fresh throughout the acquisition process.

The military is being asked to do more with less resources. We've all heard about that. And, let me talk a little bit about what we're doing about that. First, we are coming up with innovative cost-effective solutions that enhance existing products, employing capability, and improving agility in speed-to-market better than ever before.

One product that we've developed, RACR, does that beautifully. It's a version of an active electronically scanned radar ray that can be retrofitted on F-16s and F-18s, which means we can give the U.S. and its allies fifth generation radar capability on fourth generation platforms, at a fraction of the cost that you might expect.

Raytheon has developed this technology in house and without any contractual obligation because we felt another obligation, and that's to the war fighter, to be able to provide those capabilities in a way that was faster and better. We actually were able to install that radar in an F-16 and F-18 in less than an hour, total success. That's the kind of innovation that solves problems.

Another kind of innovation that's good for our war fighter is the ability to come up with new solutions to emerging threats. And, I'd like to use an example of this from our space business. We've developed a payload that is modular. And, what that means is, this is a product where about 75% of it is common between all missions, and about 25% of it is customized for specific missions.

The proof of this concept is our Artemis. And, the emerging product line is called Responder. The point I'd like to make is those were developed in about 18 months for a cost of about \$15 million dollars. That's unheard of in the space business. Again, we felt that was important to do, to demonstrate that industry can provide these kinds of capabilities in new ways.

The reason I talk about those things is not just blatant marketing, but really it is to make the point that, when we in industry develop those kinds of capabilities ourselves, we create an environment, an environment where collaboration and innovation can flourish in a way that's much different than is typical on acquisition programs of record. And, there's a lesson in that.

There are some things that the government can do, in terms of being innovative in their approaches to the industrial base as well. First is stabilizing the industrial base. I think

Dr. Carter talked about this. And, this will ensure the Air Force has what it needs, when it needs it, and that the products work first time, every time, exactly when they're expected to.

You're familiar with the demographic that, for lack of a better term, is called the bathtub, which is what we in the industry are facing now. Today, one in four aerospace engineers is eligible for retirement. The industry, across the board, is working to resolve that through knowledge transfer plans, and other things to stabilize the supplier base. We know what the global markets look like. And, we are certainly aware of the current financial crisis and the situation, and how that impacts the overall industry.

That makes it very difficult for any industry to stabilize their supply chains, but particularly difficult for the defense industry. Because we need very specialized things, and we need very specialized skills to be able to do that. And, that's why stabilization of the industrial base is critical to the future success of all of us.

Procurement process is one of the things that we can improve. We have built a process that is designed to keep bad things from happening. And, we all know why that's true. Defense programs have faced a lot of challenges. And, every time one does, we add a little bit more. But, we need to look at the unintended consequences of that, as well. Schedules are elongated. And, that can disenfranchise the very engineers and scientists we need to fill that bathtub that I talked about earlier.

I would encourage us to look at a process that is designed to make good things happen quickly, rather than to avoid any possibility that some of those bad things, that really may never happen at all. And, that'll speed things up, help foster an environment of entrepreneurs and appropriate risk-taking and innovation, and maybe, more importantly, encourage that next generation of engineers to join the defense business rather than other options that may seem more exciting to them at the moment, such as videogames.

