ARC Advisory Group

Date: 10/6/2006

Headline: Briefing: UGS' Aerospace & Defense Market

Article: By **Dick Slansky, ARC Advisory Group**

UGS kicked off a series of industrial vertical briefings for ARC with an overview of their business strategy for Aerospace & Defense (A&D). Tim Nichols, A&D Worldwide Industry Marketing Leader for UGS, presented a look at UGS' current A&D business and the direction and strategy for the future. This included trends and growth areas in A&D, the scale and scope of UGS' PLM support, and an overall view of the global A&D market.

Nichols pointed out the 2006-2010 market for A&D projected some very robust growth. In the Commercial Aviation sector there will be a need for about 5,000 new aircraft, due to emerging markets and routes, particular in Asia Pacific. This translates to around $338B for this timeframe. General Aviation will account for around $70B and Military & Defense for around $220B. Aftermarket services and support will continue to be very robust market for all sectors of A&D, with collaboration across the global supply chain figuring to be a critical element in this overall business. Overall the total global A&D market is projected to be at around $600B for this timeframe, with about a 10 percent growth. Overall PLM business will garner around $3B from the A&D market, and UGS is strategically positioned to acquire a sizeable portion of this business.

Key issues for A&D companies in today's global market are: accelerated growth and innovation along with faster time to market, optimizing global operations, and compliance & regulation. Since new airplane development programs have become almost prohibitively costly and time-consuming, it is critical for A&D companies to be able to rapidly develop new design and technology innovations, capture and reuse product and process knowledge, and substantially shorten the overall design to first flight lifecycle. Additionally, A&D companies must design and build their product across a globally disparate environment, tightly collaborating with their risk partners, suppliers, and customers. Enterprise Product Data Management (ePDM) solutions, such as UGS' Enterprise Teamcenter, will be a critical backplane for the A&D collaborative global design/build/support/maintain environment.

UGS maintains a significant presence in A&D, with over 2.3 million licenses for their PLM solutions, and over 90 percent of all A&D mega-enterprise collaborative PLM environments are managed via Teamcenter Enterprise. UGS PLM solutions are used by all of the top 15 A&D OEM companies globally, which includes in order of size: **Boeing, EADS**(Airbus), **Lockheed / Martin, Northrup / Gruman, Raytheon, General Dynamics, BAE, United Technologies, GE Engines**, and **Rolls-Royce**.