

23 MR. CLAES ERIK FROLUND: Thank you very much and good
24 morning. Mr. Rebuffi took the role as representing the
25 whole industry of Europe and painted a big picture, so I
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1 will take the role of a single entity of the industry
2 struggling with the day-to-day operations including R&D
3 questions, cash flow and what to do tomorrow. Someone
4 yesterday mentioned the difference between the military
5 business -- military industry arena and the civil
6 security arena and said that the military was reasonably
7 easy. And I can agree, I have experience from that. I
8 also have some experiences from consumer products and
9 business to business, and they are also reasonably easy
10 to navigate in. In this new homeland security and civil
11 security arena it seems to be, and it is, much more
12 complicated. And I think the reason for that is that
13 this is something in between the military and the
14 consumer product. We don't have any clear doctrines.
15 We don't have any clear standards, and we don't have any
16 clear customers for comprehensive solutions. But I will
17 start to give an example of -- a good example of how we
18 could work. And this is a very specific example that
19 started in 1999 when the BAE Systems in Sweden received
20 a contract from the Swedish armed forces that was a
21 contract to develop a joint operation simulation-based
22 training tool for a peacekeeping operation. And that
23 was the result of a memorandum of understanding between
24 the DOD of the United States and the Swedish DOD. We
25 received the contract, and it was to develop the system,
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1 and it was a government-funded contract as it used to be
2 in the military business. And we developed it, and it
3 was used, and it was used -- and it still is used
4 actually for ten years now every second year in the
5 Viking exercises. This is a good example when the
6 industry and the government in very close cooperation
7 and interaction develop a product. When it came to the
8 civil security we saw that there was a demand for a
9 similar type of systems across organization, command
10 training for crisis management, and we tried to -- we
11 began to migrate this concept, these systems, from the
12 military arena to the civil arena. But it was a little
13 bit different because there was no clear funding for
14 such immigration that it was in the military arena. So
15 we started up with the internal funding for this
16 project, and we also find some governmental funding
17 within the 7th Frame Project within EU. And that was a
18 project named COPE. COPE was a project to use cots
19 which our minister of defense yesterday told that it was
20 a very useful way to go, not to invent the wheel from
21 the very beginning, but use what you have and integrate
22 it. So that's what COPE project was about. It was to
23 integrate cost product to produce a common operational
24 picture for agencies within crisis management. And this
25 migration from the military and civil area was based on
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1 internal funding and governmental funding from the EU
2 program. And everything went well and right now -- and
3 I will present that later on in one of the breakout
4 sessions, present this project. And we also have it in
5 our demonstration room for anyone that is interested.
6 But then there is a little bit of a problem because
7 there is no clear customer for a comprehensive solution.
8 The civil security market is extremely fragmented, and
9 it's extremely hard to sell a comprehensive complex
10 solution to a single fire brigade station or single
11 police station. There needs to be some more overall
12 approach even when it came to the customer side. And
13 that is what I think is one of the most important issues
14 to address, and I will address that issue to the panel
15 and the rest of you that in the civil security arena,
16 even if we come to very comprehensive solutions and we
17 have a very common understanding on the R&D programs, we
18 need funded customers for those solutions.
19 And I will make a statement that is of course the
20 industry, including ourselves, are very committed, and
21 we can and we have the capability to develop whatever is
22 needed within the civil society to secure the world.
23 But we need clear guidance in what direction we shall
24 go, and I know there's a lot of work going on on the
25 arena, but in the day-to-day business it's still quite
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1 hard to navigate into this area. I will also address a
2 few concerns. IP rights is a very big issue actually.
3 When we have these multinational and multicompany
4 research and development programs, openness is a very,
5 very natural -- it's a must actually to get to any good
6 results in such research projects. But on the other
7 hand companies are competitors also, and when we came to
8 a certain point it goes from openness to more to protect
9 your own company's IP rights to the results. And it's
10 nothing wrong with that because it's a part of the
11 system. It's a part of how it works. But it is an
12 issue that I will address that could cause some problem,
13 and I'm quite sure that the efficiency in the R&D
14 programs is a little bit decreased because of that
15 question.

16 Cash flow is a very important day-to-day issue. And
17 together we have quite a heavy administration and
18 bureaucracy in the European research and development
19 program that could cause a problem for the single
20 entity, the single company. I'm representing a big
21 company, but it still is a problem. And I can imagine
22 that for small companies that this is a killer. I mean,
23 there is no lack of ideas, but I'm sure that it's
24 very -- must be very, very hard for a small company to
25 take deal of these big frame programs. So that was two

1 small concerns that I will address to you. Thank you
2 very much.