Advanced Manufacturing Diversification

15 October 2026

Download a copy of the recording here.

Advanced Manufacturing Diversification

Agenda

- Mike Hawes, Chief Executive, **SMMT**
- Steve Collins, Head of SC21, **ADS**
- Andy Webling, Defence Office for Small Business Growth, **MOD**
- Amerie Bailey, Group Supplier Relationship Management Lead, **Babcock International**
- James Cameron, Founder, **Mission Community**
- Yung Tran, Executive Director, **SMMT**

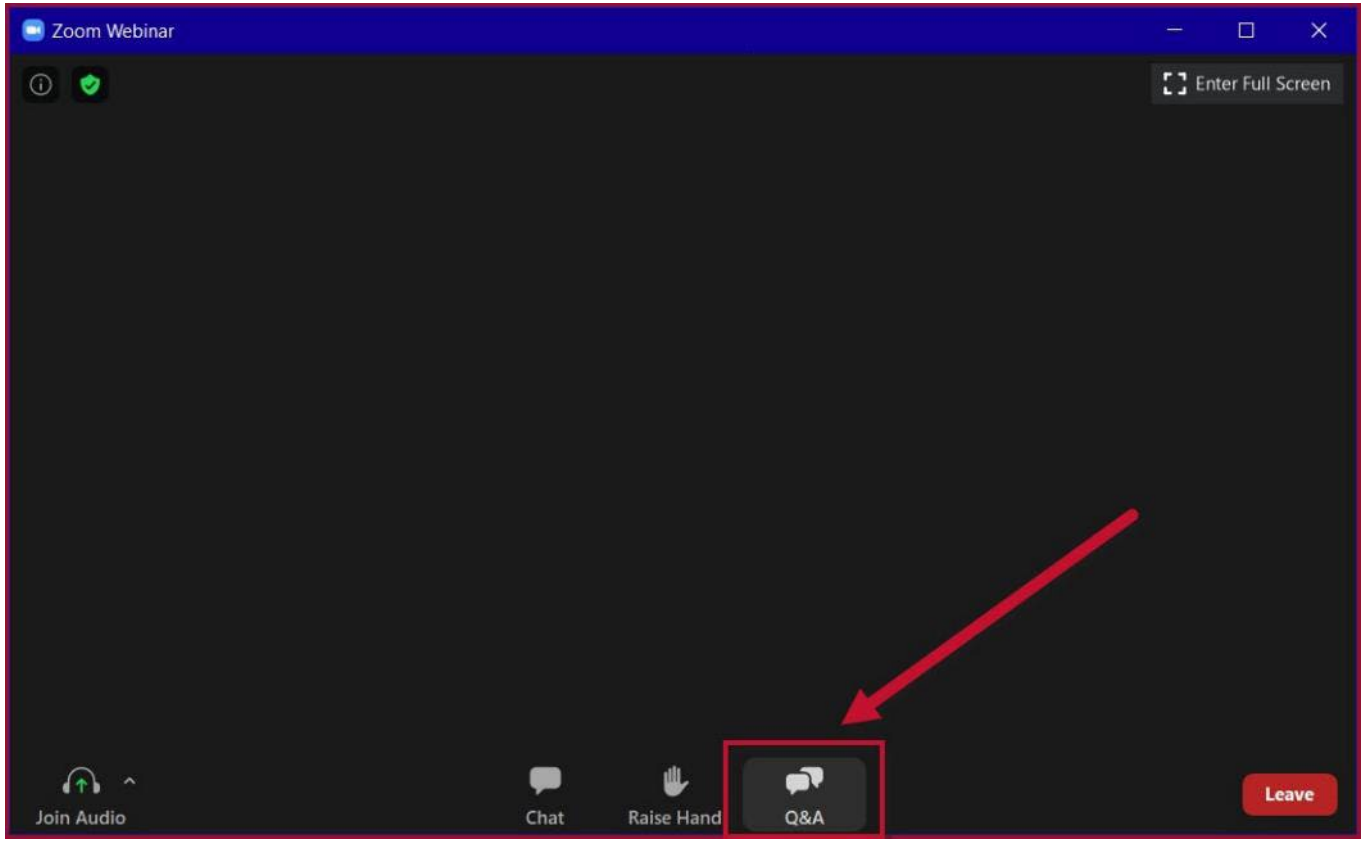
Advanced Manufacturing Diversification

HOUSE KEEPING

- During presentations (11:00 – 12:00) everyone will be muted so that only the presenters will be heard.
- The presentation will be followed by a Q&A session. Type in your question at any point.
- The use of note taking AI apps will not be permitted and they will be removed.

Questions and Answers

Please click on Q&A and type in your questions.



Email: **memberservices@smmt.co.uk** with your questions after this session.

SMMT
DRIVING THE
MOTOR INDUSTRY

Mike Hawes OBE, Chief Executive

15 October 2026

Key Issues – Automotive Sector

SMMT DRIVING THE MOTOR INDUSTRY





















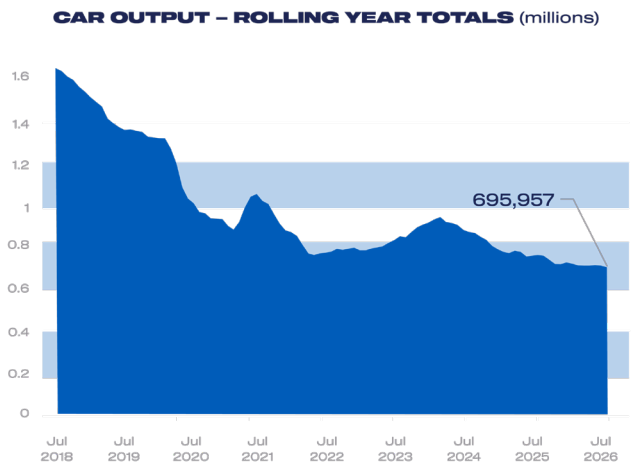




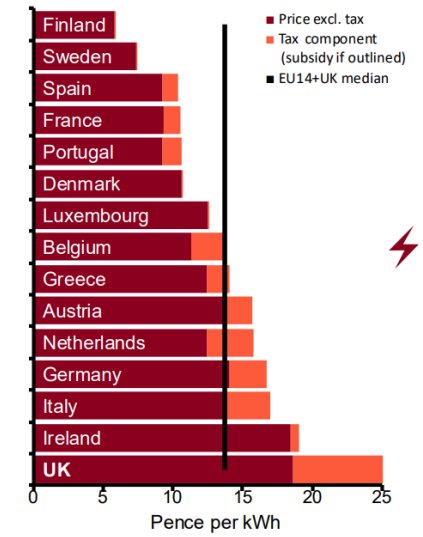
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Industry context – Supply Chain

Production volumes
dropped more than half since 2018

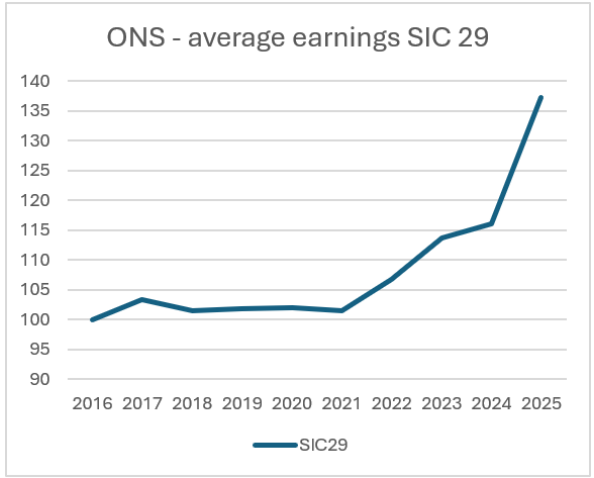


Highest electricity prices in Europe
near double EU14+UK non-domestic median price

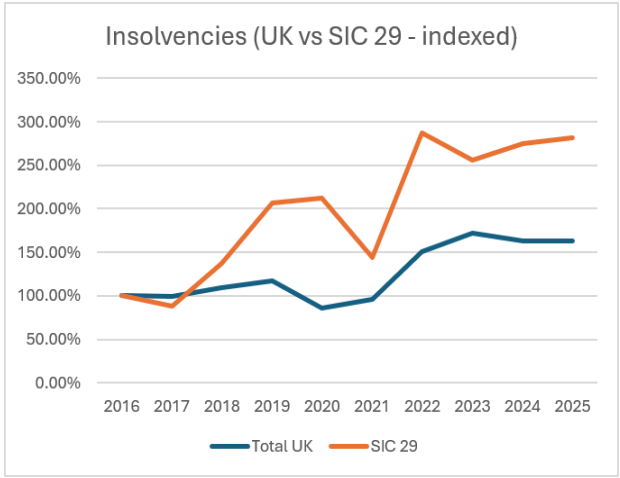


https://www.gov.uk/government/statistics/quarterly-energy-prices-june-2026

Increased labour costs
17.9% increase in median annual salary from 2024 to 2025 for SIC29 (auto manufacturing)



Erosion of UK supply base
Insolvencies for SIC29 above UK average



Automotive capacity & desire to support Defence / Aero sector build Sovereign Capability

SMMT
DRIVING THE
MOTOR INDUSTRY

Steve Collins, Head of SC21, ADS

15 October 2026

Thoughts From SC21

- SC21 is part of ADS the trade body for aerospace, defence, security and space
- Use your trade bodies
- This is unlikely be a quick process
- Put as much effort into your new sector as you did the old!
- Network, engage, read, discuss
- Do the free things first
- [Advance Magazine | ADS Advance]

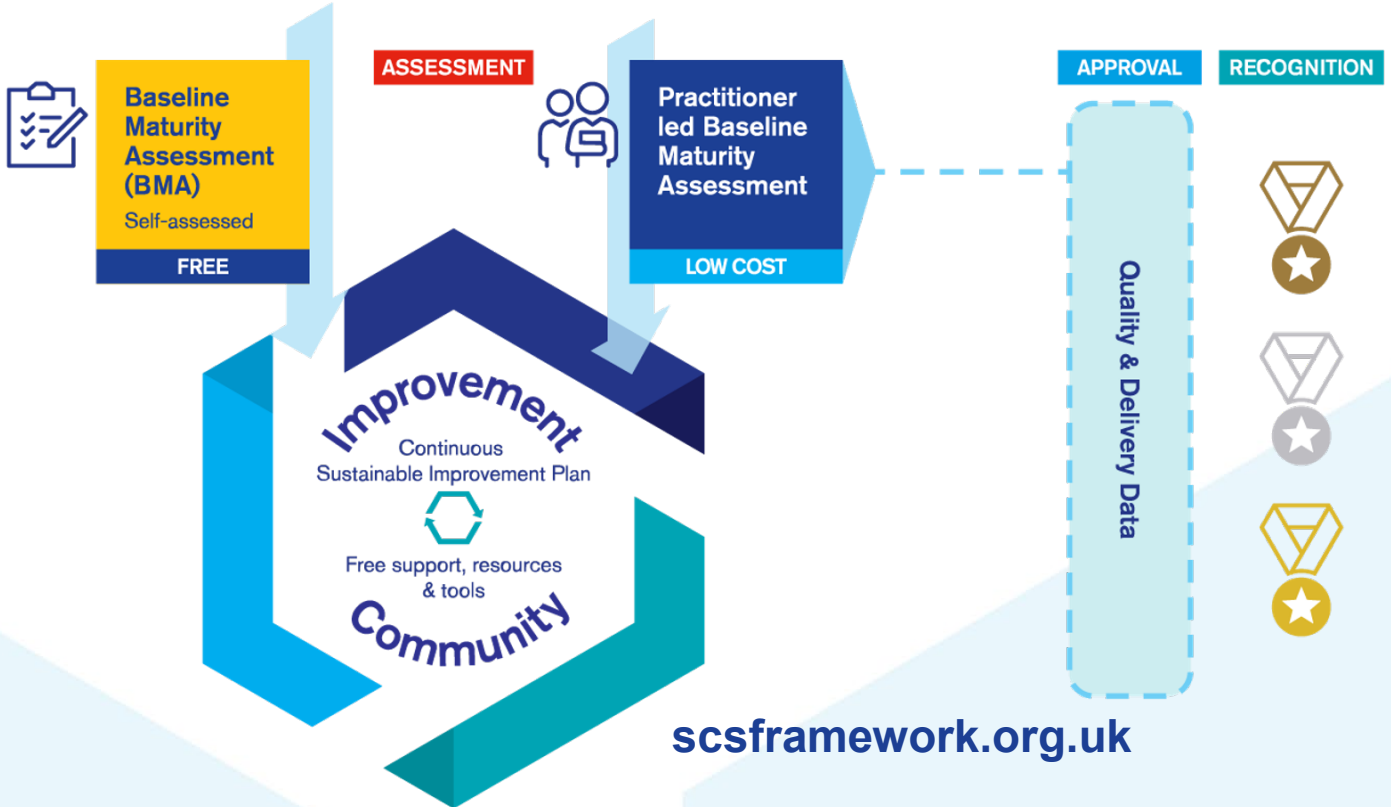


Thoughts From SC21

Company	Portal / Supplier Entry Point	Web address
Babcock International	Becoming a Supplier	https://www.babcockinternational.com/who-we-are/suppliers/becoming-a-supplier/ [babcockint...tional.com]
Thales UK	UK Suppliers	https://www.thalesgroup.com/en/worldwide/united-kingdom/suppliers [thalesgroup.com]
Thales UK	Supplier Registration / Contact	https://lp.thalesgroup.com/supplierscontact [lp.thalesgroup.com]
Rolls-Royce	Global Supplier Portal	https://suppliers.rolls-royce.com/GSPWeb/appmanager/gsp/guest [suppliers....-royce.com]
Leonardo UK	UK Suppliers	https://uk.leonardo.com/en/suppliers [uk.leonardo.com]
Leonardo	Supplier Portal / Procurement Portal	https://www.leonardo.com/en/suppliers/supplier-portal [leonardo.com]
MBDA UK	UK Supplier Portal	https://www.mbda-systems.com/mbda-uk-supplier-portal [mbda-systems.com]
MBDA	Procurement & Supply Chain	https://www.mbda-systems.com/procurement-supply-chain [mbda-systems.com]
Airbus	Becoming an Airbus Supplier	https://www.airbus.com/en/becoming-an-airbus-supplier [airbus.com]
Airbus	Supplier Tools	https://www.airbus.com/en/becoming-an-airbus-supplier/airbus-supplier-tools [airbus.com]
Boeing Defence UK	Boeing Supplier Portal	https://www.boeingsuppliers.com/portal [boeingsuppliers.com]

SC21 Process

- Companies use the free, online Business Maturity Assessment (BMA) to start the journey https://assessment.adsgroup.org.uk/
- Join the SC21 community where they can access free online training, improvement materials, cluster activity, networking
- Can seek an SC21 award if you wish
- For more information, contact steve.collins@adsgroup.org.uk



Andy Webling, Defence Office for Small Business Growth, MOD

15 October 2026

Ministry of Defence

The Defence Office for Small Business Growth & Doing Business with Defence



October 2026

Background



March 2025: The UK Government announces a commitment to increase defence spending to 2.5% of GDP by 2027.

March 2025: Prime Minister and Secretary of State for Defence announce creation of an SME ‘Support Hub’, to help attract SMEs into the defence supply chain.

June 2025: A new SME spending target, representing an increase of £2.5Bn by Summer 2028 is published within the UK’s Modern Industrial Strategy.

January 2026: The Defence Office for Small Business Growth is established with an initial service offering.

January 2027: The Defence Office for Small Business Growth to achieve full operating capability.

Vision, Mission, Objectives

The Vision

> A vibrant UK ecosystem of well capitalised and high growth small businesses who are attracted to the defence market, confident in MOD and Prime suppliers and working at a wartime pace, delivering war fighting readiness to the Armed Forces and allied customers.

The Mission Statement

> To protect the security of the UK, along with its domestic and overseas interests, the Office will provide a coherent and enhanced link between the MoD and industry through targeted and streamlined internal and external support services. Driving economic growth within UK micro, small and medium enterprises, we will derive the best solutions to ensure speed and agility in adapting to ever-evolving threats.

Strategic Objectives

1. **Support the Government's growth mission by making it easier for SMEs to find, compete for, and win defence work**
2. **Improve the diversity and resilience of UK defence supply-chains by requiring better practices from MOD and its major suppliers**
3. **Challenge MOD policy and behaviours, simplify entry routes, and improve our approach to working with SMEs**
4. **Drive the achievement of the new SME spending target**

A sub-set of services and accountabilities underpin successful delivery of the four strategic objectives:

Shape

to lead defence in designing more SME involvement into the defence portfolio



Grow

to provide support to SMEs to grow their business in Defence

Advise

to advise MOD and SMEs on how to enter the Defence Supply Chain

Direct & Assure

to provide clear direction and strong oversight to ensure strategic alignment and effective management of the Defence Office for Small Business Growth

Defence Investment Plan

Announcement	Commitment	Why it matters for SMEs
1. Drone & autonomous transformation	£5bn+ over 4 years	Rapid development of air, land and maritime autonomous systems
2. Defence innovation	£400m ring-fenced annually	Technologies that don't neatly fit traditional equipment programmes.
3. Novel technology target	At least 10% of annual equipment budget	Embeds demand for new technology into mainstream equipment spending rather than treating innovation as a side activity.
4. Digital targeting web	£2bn	Opportunities in software, AI, data, sensors, C2, communications, integration and cyber.
5. AI	£100m acceleration + counter-AI investment	Opens opportunities beyond traditional defence suppliers, particularly for dual-use technology companies.
6. Munitions & complex weapons	£11bn	Demand throughout component, materials, electronics, software and manufacturing supply chains.
7. Air & missile defence	£790m	Sensors, tracking, software, counter-UAS, electronic warfare and enabling technologies.
8. GCAP/Tempest	£8.6bn over four years	Long-term supply-chain opportunity covering advanced manufacturing, AI, sensing, digital engineering, autonomy and electronics.
9. Nuclear enterprise	£64bn over four years	A vast supply chain encompassing infrastructure, engineering, digital, manufacturing and professional services —entry barriers are naturally higher.
10. Defence infrastructure	£26bn naval infrastructure over 10 years alone	Construction, energy, engineering, digital infrastructure and professional-services.

SME Action Plan



- Published on the 21st of July.
- Details how we intend to remove barriers for SMEs, and to drive up direct and indirect spend.
- Four key objectives
  - Champion policies and behaviours which simplify processes, from concept to contract.
  - Increase our total spend with SMEs by 50% by summer 2028.
  - Improve the diversity and resilience of the UK defence supply chain by requiring better practices from Defence and its major suppliers.
  - Deliver on this national intent through local networks such as the regional defence and security clusters, partner organisations, academia, and local government.
- Specific focus on: Policies and Entry Points, Spend and Investment and Direct Suppliers.

Areas of Focus



- **Digital**
  - Mapping entry points.
  - CRM Solution.
- **Grow**
  - Developing plans around SME support pathways.
  - Developing further proposals to fund high potential SMEs.
- **Business Change**
  - Overarching awareness campaign.
  - Bespoke Plans for a variety of initiatives.
- **Security Clearence**
  - Work undertaken to challenge the practice of requiring security clearance simply to bid for contracts.

Work that is already underway



- Worked closely with 30 Pathfinder SMEs.
- Regular updates to the Office for Small Business Growth website.
- Technical Ability Certificates.
- Challenging Commercial Practice.
- Promoting The SME Commercial Pathway.

Ministry of Defence



Doing Business with Defence

MOD Procurement Key Facts



UK industry's **largest single customer**

£40.6Bn spend in FY 24/25 to UK and foreign owned organisations.

£21.4Bn was the value of new contracts in FY 24/25

£31.9Bn Total MOD expenditure with UK industry and commerce in FY 24/25.

39% of total Mod Procurement spend was with top 10 suppliers.

Majority of opportunities to do business with defence exist in our supply chain

Useful Reading



Routes to Market



We currently advertise all UK MOD tender and contract opportunities valued at £10,000 and above on the MOD **Defence Sourcing Portal (DSP).**

Find a Tender for the wider public sector.

Open and Closed **Framework Agreements.**

Dynamic Markets.

Major Suppliers



Defence Innovation



UK Defence Innovation (UKDI) supports the development and adoption of innovative capabilities for UK Defence.

Innovate UK provides innovation grants, collaborative R&D funding, innovation loans and business growth support.

NATO DIANA supports businesses developing dual-use technologies relevant to defence and security.

The NATO Innovation Fund is a €1 billion multi-sovereign venture capital fund investing in deep technology businesses.

Regional Defence and Security Clusters promote collaboration, share ideas and support innovation.

R-Cloud is the MoD gateway for contracting science and technology research, managed by Dstl.

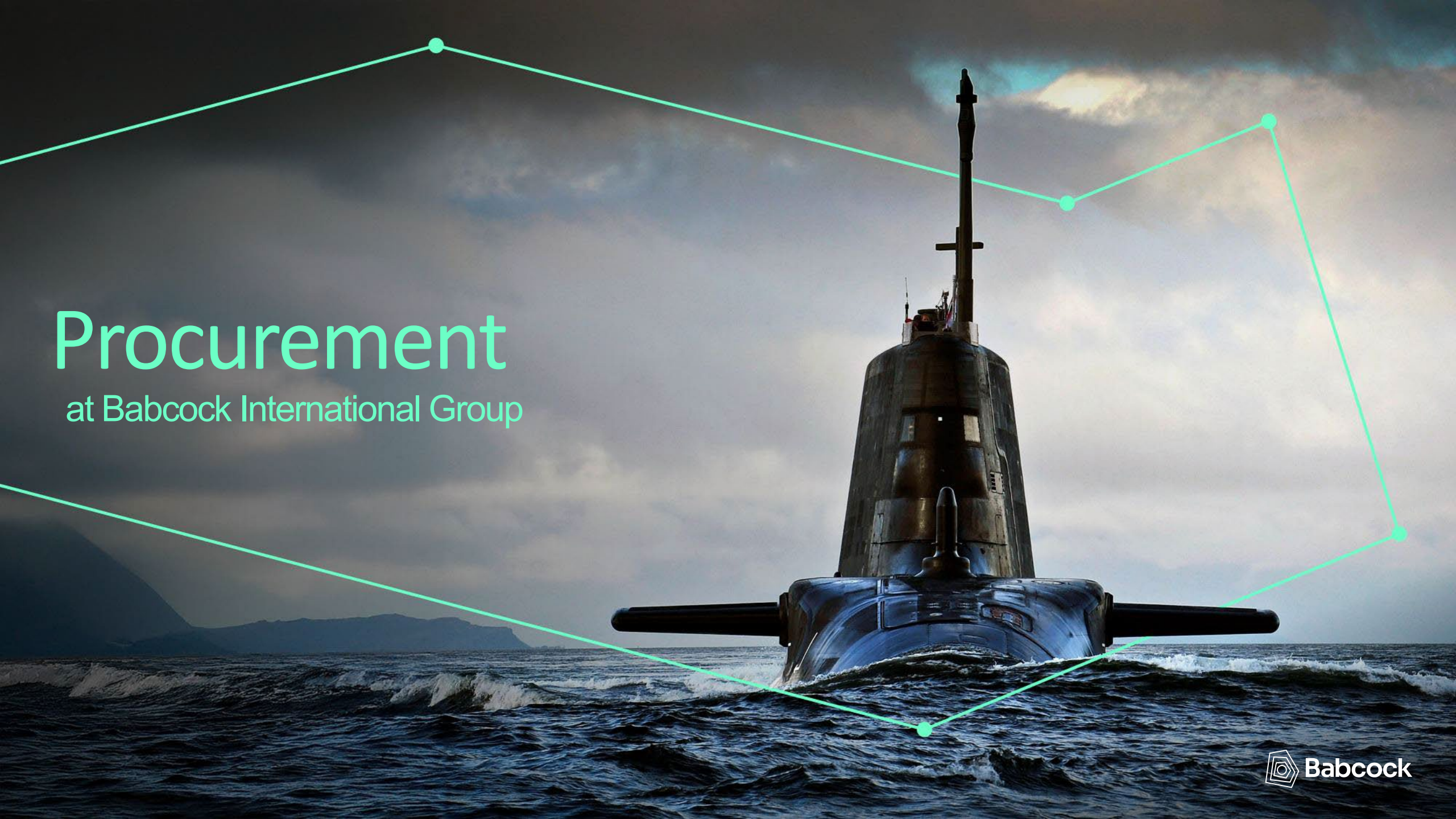
Close



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MOTOR INDUSTRY

Amerie Bailey, Group Supplier Relationship Management Lead, Babcock International

15 October 2026


Procurement
at Babcock International Group
Babcock

Amerie Bailey
Global Group Supplier Relationship Management Lead

Babcock SRM. Forging Bonds, Driving Success.



- Defence Procurement Expert representing Babcock at International and Domestic Strategic Briefings.
- Owns the strategy, process, tools, and governance of the Babcock Group approach to Supplier Relationship Management.
- Improves performance and realises value and innovation opportunities.
- Works closely with external stakeholders and Babcock Group to deliver a robust and consistent strategy for engaging SMEs in the Supply Chain.

Who are we?

Babcock International Group is a global defence company that designs, manufactures and supports complex defence and critical assets across land, sea, air, space, energy and security domains

£5.2bn
FY26 Revenue

74%
Defence

£9.8bn
Contract backlog

c29,000
Employees



Marine

- Design, build and through-life support of warships
- Submarine and equipment through-life support
- Design and manufacture of weapons handling and launch systems for ships and submarines
- Design, build and support of secure military communications systems
- World-leading commercial liquid gas equipment systems



Nuclear

- Through-life complex engineering support to the entire UK nuclear submarine fleet
- Through-life management of critical national defence infrastructure: own and manage Devonport dockyard
- End-to-end engineering integration support for AWE deterrent production
- UK civil nuclear new build, generation support and decommissioning projects



Aviation

- End-to-end military flying training for UK's Royal Air Force, French Air Force and French Navy
- Through-life support of operational military flying assets
- Through-life support of operational military infrastructure
- Critical air operations for government programmes, saving lives and protecting communities

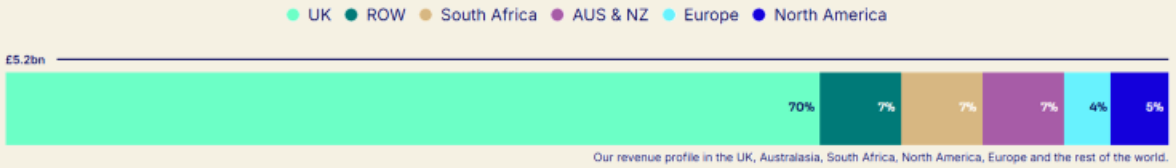


Land

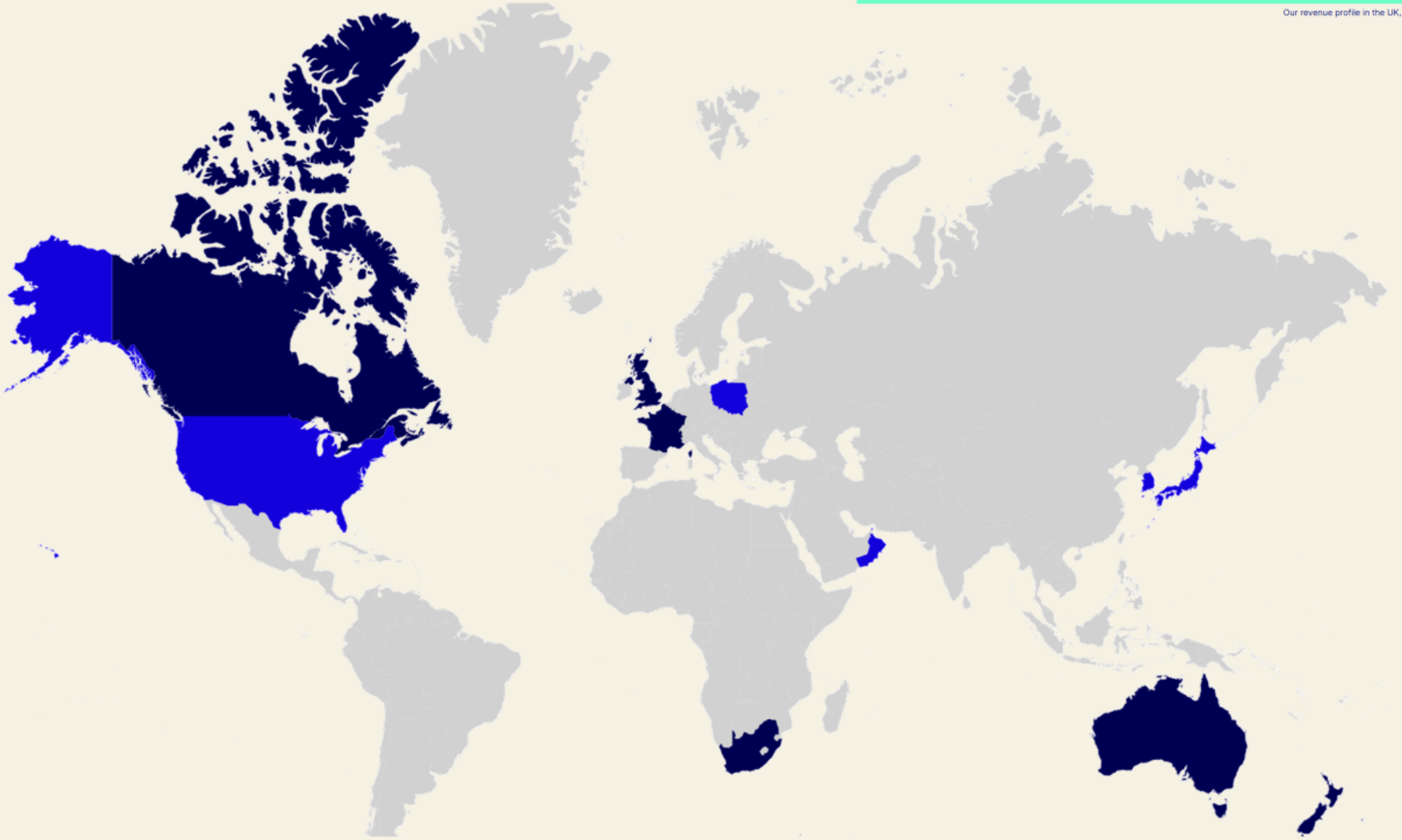
- Strategic asset management and through-life engineering support for complex military equipment
- Defence and security vehicle build and systems integration
- Engineering services in power generation and transport networks, and through-life support of mining equipment
- Individual and collective training, delivering operational readiness for customers with critical missions

Babcock

Where do we operate?



Our revenue profile in the UK, Australasia, South Africa, North America, Europe and the rest of the world.



60%

Of our tier 1 supply chain are SMEs

30%

Of our annual third-party spend goes to SMEs

3600+

UK SMEs on our approved vendor list

Babcock

What do we buy?

Professional Services	People & Capability	Operational Supplies
Legal & Audit	Recruitment Services	PPE & Workwear
Financial Services & Insurance	Training & Development	Tools & Workshop Equipment
Consultancy	Graduate & Early Careers	Consumables & Raw Materials
Business Continuity	Education & Awarding Bodies	Janitorial & Cleaning Supplies
Marketing & Sales Support	Vetting & Workforce Support	Catering, Furniture & Stationery

Defence & Mission Systems	Marine & Platform Systems	Engineering & Manufacturing
Combat Systems	Propulsion & Power Generation	Build-to-Print Manufacturing
Sensors, Radar & Sonar	Pumps, Valves & Hydraulics	Fabrication, Machining & Welding
Weaponry & Effectors	Deck Machinery & Cranes	Additive Manufacturing
Electronic Warfare	HVAC & Refrigeration	Robotics & Automation
Unmanned Systems	Marine Spares & Ship Systems	Calibration & Test Equipment

Digital & Technology	Facilities & Infrastructure	Logistics & Transport
Cyber Security	Civil Engineering & Groundworks	Air, Land & Sea Freight
Software & Licensing	Building Fabric & M&E	Warehousing & Storage
Networks & Communications	Utilities & Property Services	Fleet & Vehicle Services
Data Centres & Hosting	Fire & Security Systems	Aircraft Purchase & Leasing
End User Computing	Waste & Environmental Services	Travel & Mobility Services

Over 140 procurement categories spanning mission-critical defence systems, complex engineering, digital technologies, infrastructure, professional services and operational support.

Babcock

Innovation

Strategic Technology Themes

Autonomy

Establishing an autonomous systems capability focussing on scalable manufacture of SME products, systems integration and C2

C5ISR

Developing comprehensive capabilities in Command, Control, Computers, Communications, Cyber, Intelligence, Surveillance and Reconnaissance

Green Technology

Expanding green solutions capability including energy generation, emission capture and storage, alternative fuels and novel propulsion

Advanced Manufacturing

Developing manufacturing capability to meet high integrity, mass manufacture and repair demands

Effectors & Counter measures

Enabling scalable defensive and offensive capabilities against a range of threats using the latest technology

Human Performance Augmentation

Enhancing human capability through optimised training, biometric monitoring and augmentation

Digital Through Life Engineering

Providing optimised, data driven, through life, asset management, MRO and digital engineering services

Underwater battle space

- Command and control software for autonomous systems
- Operational analysis tools or software
- Uncrewed surface vessel (USV) and uncrewed underwater vehicles (UUV)
- Long range underwater comms solutions
- Undersea detection capability (of submarines, ships, UUVs and USVs)

Capability at Scale

- Low-cost counter drone interceptors or missile
- Other counter-UxS tech across all domains – air, land, sea, subsea
- Alternative position navigation and timing (PNT) solutions
- Novel long range uncrewed system propulsion (e.g. hydrogen)

Classification: UNCLASSIFIED

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Identifying and dismantling barriers



Contracting Complexity	• Designed for large primes with in-house counsel, imposing **disproportionate compliance burdens** on SMEs. • Use of **defence-specific jargon** alienates prospective entrants from adjacent sectors/dual-use technology. • **Risk flowed down** from prime to supply chain – value-add intervention?
Specification & Risk	• **Flow down is risk-averse** and **process-bound** • **Bureaucratic** authority/prime **decision cycles are long** but **SMEs** given **urgent timelines** • **Excessive liability** or **highest-level military standards** applied for commercial-grade equipment • **Risk/compliance burden divided unequally between large primes and SMEs**
Gatekeeping & Onboarding	• **Lack of clarity around onboarding process**, frustration around **internal silos & staff churn** • **Engagement stifled** by **processes** that **prioritise consensus over agility** and **risk reduction over innovation** • **Opaque processes** and **informal networks** • Supplier portals (where they exist) offer little useful information.
Funding & Finance	• **Lack** of **investment**, lack of **support** navigating the 'valley of death' and **late payments** all contribute to SME failure • UK **VCs** generally **technically underinformed** and **risk-averse** • Defence **primes rarely** act as **cornerstone investors** • **Late payments** cause **cash-flow issues**
Competition over Collaboration	• Singular **pursuit** for **growth** often results in **acquisition of SMEs** to absorb IP. • **Agility** and **entrepreneurialism should** be **promoted**. • Pace of **technological development** means that **capability** is **obsolete** in **<18 months** – procurement cycles should adapt to this.

Classification: UNCLASSIFIED

Babcock

Making commitments March 2026



Launched 16th March!

Discover & Engage

01 Clear Path to Engagement

We will make engagement simple and consistent, giving clear advice, with a single digital interface and named points of contact, guiding suppliers to opportunities and decision-makers.

02 Scout & Signal

We will proactively scout novel sovereign capabilities and publish clear demand signals and requirements, collaborating with industry partners to match high potential SMEs to real problems earlier.

03 Best Solution Wins

We will choose the best solution based on the mission, not incumbent status or company size. Transparent criteria, challenge-led processes, fair evaluations and feedback will create a level playing field, prioritising agility, merit and outcomes.

Contract

04 Proportionate Partnerships

We will adopt a risk-proportionate approach to commercial terms where appropriate with simplified contracts and proportionate liability aligned to the size, scope and risk of work. Intellectual property will be respected and default license in models will be prioritised to preserve SME value where required.

05 Cashflow Confidence

We will ensure cashflow confidence by paying SMEs promptly and transparently, targeting to pay 95% of invoices in 30 days or less, aiming for the Gold Standard for the Fair Payment Code and supporting their business and enabling their investment in growth and R&D.

Validate & Pull Through

06 Sandbox to Battlefield

We will aim to provide accessible physical and digital 'sandboxes' for low-burden experimentation and integration, enabling secure collaboration environments for SME partners.

Build & Scale

07 Embedded Expertise

We will share practical expertise through mentoring, mutual secondments and targeted training, building real-world capacity and providing hands-on support to help SMEs meet standards and win work.

08 Investment & Scaling Pathways

We will actively support the growth of high-potential SMEs by helping to pilot financial instruments, including co-investment, to crowd-in private capital and bridge from prototype to deployment.

Industry Ecosystem

09 Inspiring Future Generations

We will continue to champion defence as a high-tech, purpose-driven career for young people and diverse talents across all communities and regions, supporting sector-wide reforms to attract the next generation of innovators.

Govern & Improve

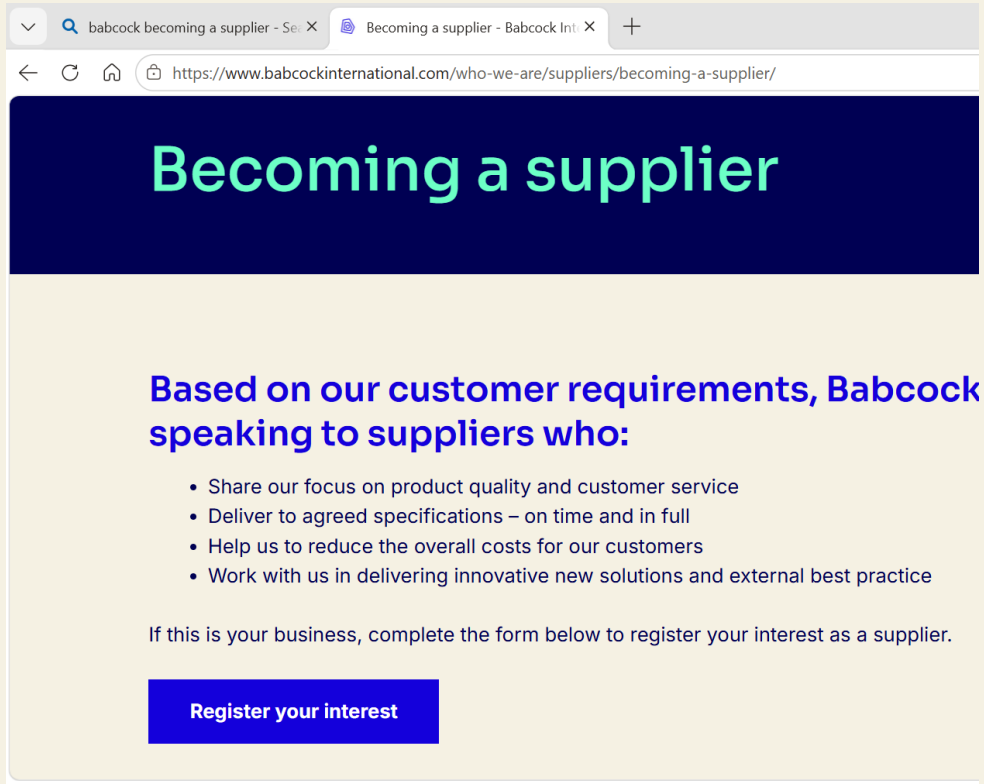
10 Accountability

We will embed the principles from this Charter throughout our organisation and will aim to publicly tracking our performance. This Charter is a lived commitment, providing tangible proof of our dedication to fostering a collaborative and supportive defence ecosystem.

Classification:UNCLASSIFIED

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Expression of Interest Portal





Babcock

James Cameron, Founder, Mission Community

15 October 2026

MISSION COMMUNITY

CHAMPIONING THE ARMED FORCES

'Bringing together armed forces communities in society'

Armed Forces Engagement

Presented by James Cameron, CEO of Mission Community



- **Launched in 2019**
- **Empowering veteran communities**
- **Best practice sharing**
- **Community engagement**
- **Raising Automotive's profile**

Snapshots:

- High Voltage competencies
- NI Relief for employers
- Armed Forces Covenant progress and tracking
- Reservists – Continuous deployments, reporting
- **Sector Guides**, support for SMEs

MISSION AUTOMOTIVE

ARMED FORCES ENGAGEMENT FOR THE UK AUTOMOTIVE INDUSTRY

ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES · SMMT DRIVING THE MOTOR INDUSTRY · THE FORCES' MOTORSPORT CHARITY MISSION MOTORSPORT RACE | RETRAIN | RECOVER · Ministry of Defence



MISSION COMMUNITY
CHAMPIONING THE ARMED FORCES

Guide to Armed Forces Engagement

MISSION COMMUNITY
CHAMPIONING THE ARMED FORCES

DO THE FREE STUFF

- Post your jobs in front of every service leaver through the CTP
- Reach families by posting jobs to Forces Families Jobs
- Claim your National Insurance Contributions waiver
- Join the Defence Supplier Network, attend Defence events
- Sign the Armed Forces Covenant

ENGAGE COMMUNITY

- Identify your veterans and the wider AF community– start counting!
- Link community – HR and People Processes
- Mentoring and military programs
- Internal Communications – establish groups
- EDI considerations

BECOME AN ADVOCATE

- Covenant – ERS gold membership
- Establish relationship and support your regional military networks
- Suppliers - connecting communities externally
- Story telling – exemplars, testimonials, promote best practice
- Host events, insights, develop pathways

Advanced Manufacturing Diversification

Future Webinars

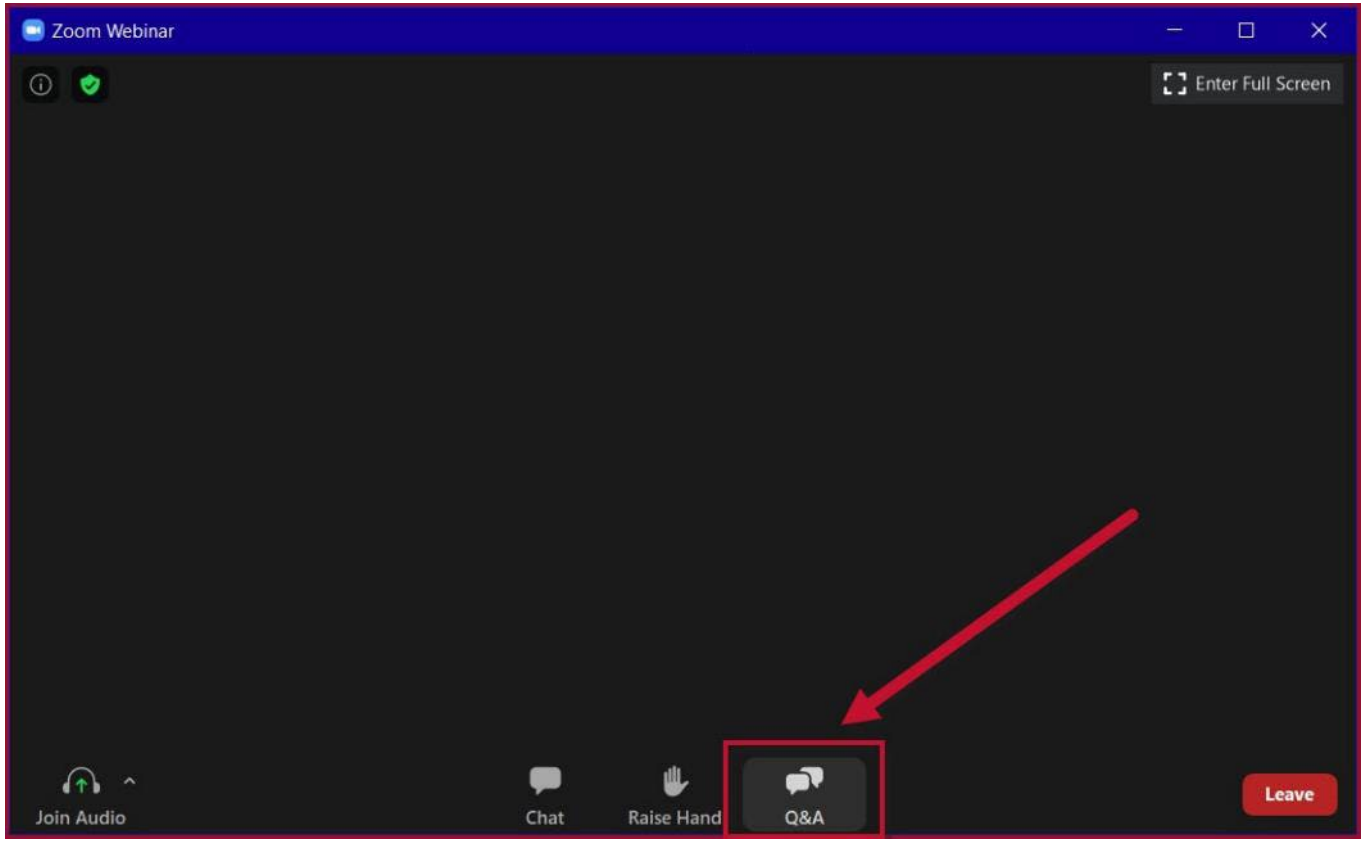
- **Defence & Aerospace Essentials – 3 November**
  SMMT, SQM, Mission Community, JOSCAR

- **SC21 & Supplier Competitiveness – 18 November**
  ADS SC21, SQM

- **Cyber Security Essentials – TBC**

Questions and Answers

Please click on Q&A and type in your questions.



Email: **memberservices@smmt.co.uk** with your questions after this session.

SMMT DRIVING THE MOTOR INDUSTRY

Thank you

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