Defence Industry Leadership Program

DILP Research Paper

Enhancing Business Development for the Australian Defence Sector from SMEs to Defence Primes

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NOVEMBER 2025

DEFENCE INDUSTRY LEADERSHIP PROGRAM 2025

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FOREWORD

This report explores the experiences of Australian Small and Medium Enterprises (SMEs) as they strive to unlock business development opportunities within the nation's complex Defence industry. Through different types of analysis, comprising focus groups and in-depth case studies, this research identifies persistent barriers hindering efficient SME participation. From inconsistent procurement processes and limited opportunity visibility to the resource-intensive nature of relationship-building with primes and Defence decision-makers. Yet, despite these hurdles, the findings also shine a light on the resilience and ingenuity of SMEs, who leverage networking, expert guidance, and strategic collaboration to carve out meaningful roles in delivering Defence capability.

By presenting lessons from real-world case studies and insights from engaged professionals across the sector, the report provides a practical framework for both new market entrants and existing defence industry companies. It highlights that progress requires not only procedural reforms, such as standardising procurement workflows and improving information systems, but also investment in tailored business development skills and stronger support ecosystems, including accessible expert guidance.

While the research was shaped by understandable limitations in sample representativeness and scope, the evidence is clear: fostering a more supportive, transparent, and strategically networked environment will accelerate capability delivery for Defence and open the doors for a broader range of innovative Australian SMEs. It is hoped that this report will prompt fresh conversation and drive tangible action, enhancing the vibrancy and resilience of Australia's Defence industrial base.

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1. EXECUTIVE SUMMARY

The Australian defence sector faces significant challenges in delivering timely and effective capabilities amid a complex, rapidly evolving landscape. The National Defence Strategy (*National Defence Strategy*, 2024) emphasises the need to prioritise "speed to capability" over perfection, requiring enhanced collaboration between Small to Medium Enterprises (SMEs), mid-tier companies, and Defence Primes. However, SMEs often struggle with identifying opportunities, navigating procurement frameworks, and integrating into Prime supply chains, while initiatives like the Office of Defence Industry Support (ODIS), Australian Industry & Defence Network (AIDN), and the Defence Teaming Centre (DTC) have not fully bridged these gaps. This research investigates the enablers and inhibitors of effective business development, aiming for a more agile, commercially robust sector aligned with Australia's national defence objectives.

The primary objectives are to identify key challenges, including engagement barriers between Defence stakeholders and industry, procurement complexities, and opportunity identification. This research project analyses current engagement mechanisms (e.g. through CASG, ODIS, AIDN, etc.), evaluates partnering models between SMEs and Primes, and highlights gaps in business acumen. Recommendations focus on scalable strategies to enhance knowledge, relationships, and commercial capabilities, ultimately accelerating capability delivery.

The Approach

The research was broken down into three main bodies of work, a literature review to map the current landscape; case studies drawing lessons from existing SMEs; and data collection via surveys and interviews with diverse stakeholders (SMEs, Primes, and Defence representatives). Data gathering prioritises quantitative metrics for statistical insights and qualitative responses for nuanced perspectives, ensuring a comprehensive view. The project adheres to a five-month timeline, from May to October 2025, with no financial budget, relying on in-kind team contributions and publicly available resources.

Key Insights

Findings confirm that, although the Australian Defence industry presents substantial growth potential for SMEs, entrenched systemic frictions such as inconsistent processes, poor visibility of future work, and

difficulty accessing decision-makers continue to limit progress. However, successful SMEs (e.g., Redback, Axiom) demonstrate the value of early engagement, specialist guidance, and targeted business development. These approaches improve readiness and integration, pointing toward solutions in improved information flow and professionalised, relationship-driven engagement.

Recommendations

The research recommends four priority actions:

- Integrate Supply and Certification Tools: Link opportunity platforms with supplier assurance databases to streamline pre-qualification and reduce duplication.
- Expert Guide Program: Make available experienced industry mentors to help SMEs prepare for Defence entry, certification, and strategic connections.
- Strategic Networking Practice: Institutionalise relationship mapping, targeted event engagement, and measurable networking outcomes within SMEs.
- Dynamic Capability Map: Develop an up-to-date national map of defence capabilities and suppliers, supporting more effective matching of Defence needs to industry strengths.

These reforms aim to reduce admin burdens, strengthen SME participation, and build a sovereign industrial base capable of meeting Defence needs at the required pace.

DEFINITIONS

Business Development

Business development the pursuit of opportunities that help the business grow. Business development and the business developer are concerned with tasks and processes aimed at preparing and supporting the implementation of growth opportunities within the constraints of a firm's strategic momentum (Sørensen, 2012).

The Expert Guide

A knowledgeable advisor who helps SMEs understand Defence industry requirements, navigate procurement processes, achieve necessary certifications, and build strategic relationships. This guide facilitates market entry, supports compliance, and advocates on behalf of the SME, improving their business development opportunities within the complex Defence ecosystem.

By leveraging external expertise, a business can continue to grow…

2. INTRODUCTION

The Australian defence sector plays a pivotal role in ensuring national security, requiring a dynamic and responsive industry capable of delivering timely capabilities in an increasingly complex geopolitical landscape. The National Defence Strategy (*National Defence Strategy*, 2024) underscores the urgent need to shift from pursuing perfect solutions to prioritising "speed to capability," emphasising collaboration between Defence and industry stakeholders, including Small to Medium Enterprises (SMEs), mid-tier companies, and Defence Primes. However, SMEs often struggle with identifying opportunities, navigating procurement frameworks, and integrating into Prime supply chains, while initiatives like the Office of Defence Industry Support (ODIS), Australian Industry & Defence Network (AIDN), and the Defence Teaming Centre (DTC) have not fully bridged these gaps.

This research investigates the current state of business development within the Australian defence sector, exploring the lived experiences of SMEs, mid-tier companies, and Primes to identify systemic barriers and enablers. Through literature reviews, case studies and focus group questionnaires, this research paper seeks to provide actionable recommendations to enhance industry collaboration, streamline procurement, and accelerate capability delivery, while aligning with the strategic priorities outlined in the 2024 National Defence Strategy.

2.1 Problem Statement

The Australian defence sector operates in a complex and dynamic environment where the timely delivery of capabilities is critical to national security, as emphasised by the National Defence Strategy (*National Defence Strategy*, 2024). However, systemic barriers hinder effective business development and collaboration between Small to Medium Enterprises (SMEs), mid-tier companies, and Defence Primes. SMEs face significant challenges in identifying viable opportunities, navigating intricate procurement frameworks, and integrating into the supply chains of Primes, who often have divergent operational objectives and risk tolerances. Despite initiatives (ODIS, AIDN, DTC, etc.) inefficiencies persist, including misaligned expectations, bureaucratic delays, and a lack of scalable commercial acumen across the sector. These issues impede the National Defence Strategy's call for "speed to capability," delaying the delivery of mission-critical outcomes and limiting industry growth. This research seeks to address the gap between the urgent need for agile capability acquisition and the current lethargic state of industry engagement, identifying actionable solutions to enhance business development and foster a more responsive defence ecosystem.

2.2 Aim

This research aims to investigate the enablers and inhibitors of effective business development within the Australian defence sector, with a focus on improving engagement between SMEs, mid-tier companies, Primes, and Defence stakeholders.

By analysing current practices, identifying systemic barriers, and drawing insights from case studies and stakeholder perspectives, this research project seeks to provide practical recommendations that enhance collaboration, streamline procurement, and accelerate capability delivery.

The ultimate goal is to contribute to a more agile, commercially robust, and strategically aligned defence industry that supports Australia's national defence objectives as outlined in the National Defence Strategy (*National Defence Strategy*, 2024).

2.3 Objectives.

The objectives of this research paper are to:

1. Identify and analyse key challenges in business development within the Australian defence sector, including difficulties in engagement between SMEs and Primes, procurement complexity, and opportunity identification.
2. Evaluate existing industry engagement mechanisms, such as those facilitated by CASG, ODIS, AIDN, and DTC, to assess their effectiveness in supporting business development.
3. Examine partnering models between SMEs, mid-tier companies, and Primes to identify best practices and areas for improvement.
4. Identify gaps in business acumen and commercial capability within the defence industry and propose strategies to address these deficiencies.
5. Develop actionable recommendations for stakeholders to improve business development processes, enabling faster delivery of Defence capabilities while fostering industry growth and resilience.

3. BACKGROUND & LITERATURE REVIEW

3.1 Defence Strategic Context

The Australian Government's strategy includes building industry resilience. Industry achieves resilience by developing and maintaining a stronger defence industrial base with the domestic capability and capacity to support the Australian Defence Force (*National Defence Strategy*, 2024). For Australia to deliver upon this strategy, Australian industry must seize the opportunity with world-leading business development methods.

Australian industry's business development must deliver upon the Government's minimum viable capability strategy. Minimum viable capability gets new capabilities into service faster with the lowest acceptable mission performance, value for money and a greater emphasis on speed to acquisition (*National Defence Strategy*, 2024).

Australia's Defence sector is a complex, fast-moving ecosystem spanning SMEs, mid-tiers and Primes, now reshaped by urgency (*National Defence Strategy*, 2024). This strategy calls for ditching perfect-on-paper processes in favour of delivering relevant capability quickly, which in turn demands more agile, commercially realistic collaboration across the industrial base. This literature review brings together Australian policy and strategy reports, international scholarship on defence acquisition and supply-chain resilience, and industry analyses to map the real friction points, of SME–Prime engagement, procurement complexity, and communication gaps.

3.2 Business Development Challenges in Defence Industry.

The defence industry environment in Australia presents substantial hurdles for business development, largely due to the intricate nature of Defence's frameworks and strategic requirements. The market is characterised by being heavily government-controlled, security-bound, and slow by design (Watt et al., 2024) which jars with the fast-paced way most commercial firms (especially SMEs) work. SMEs typically face difficulties in identifying relevant opportunities and navigating Defence's multifaceted policies and regulatory environments designed to ensure security, capability, and strategic interests. The journey from opportunity identification to collaboration and contract execution is often protracted, tied to Defence's pursuit of rigorous compliance and security standards (BAE Systems Australia, 2025).

Smaller companies often struggle to spot the right opportunities and to navigate the many policies and regulatory settings meant to protect national security and capability, and even when they do, they are met

with the issues mentioned above. The core challenge is one of misalignment: Defence needs the agility and innovation inherent in the SME sector, but its acquisition systems are structured to manage the scale and risk associated with legacy platforms and large multinational Primes.

Moreover, there are business development challenges specific to SMEs, like access and navigation of the industry. Unlike large Primes, which often benefit from established relationships and dedicated governmental points of contact, SMEs face the challenge of identifying opportunities and interpreting the complex frameworks of the Department of Defence. This disparity contributes to systemic barriers that complicate SME integration into the defence supply chain. And the struggle is increased by the perceived reliance on a Prime-centric model in contracting, which can inadvertently push innovative, dual-use technology firms toward non-defence markets. Analysis of the UK defence supply chain, identifies common barriers that resonate deeply within the Australian context, including the administrative burden of security and certification processes and the difficulty of maintaining commercial viability when facing protracted timelines (Muravska et al., 2021) (Retter et al., 2021).

3.3 Barriers and the Prime to SME Relationship

Effective collaboration between Defence Primes and the SMEs is vital for achieving sovereign resilience. Primes often serve as the 'gatekeepers' to Defence contracts, integrating smaller suppliers into their global or local supply chains. Yet this relationship is fraught with barriers related to differing objectives, lack of transparency, over compliance and burdensome contractual obligations.

One critical issue is the disproportionateness in operational and business objectives. Primes often operate with known protocols requiring suppliers to align with their business practices, quality assurance, and security clearances, which SMEs find challenging due to limited scale and resources (Parliamentary Review, 2023). This creates a bottleneck slowing SME onboarding and reduces supply chain dynamism. Below are some additional barriers which include:

1. Unclear onboarding pathways: Many SMEs struggle to identify how to position themselves in a Prime's supply chain. Despite initiatives like the ODIS and SICPs, SMEs report uncertainty in opportunity visibility (BAE Systems 2024).
2. Misaligned operating models: SMEs often prioritise flexibility and innovation, while Primes favour compliance and risk management (Thrasher et al. 2017).

3. Cost of entry: Accreditation schemes such as DISP impose high upfront compliance costs that SMEs may find prohibitive (Defence Industry Security Program 2023).
4. Procurement culture and SME visibility: Slow decision cycles and risk-averse procurement across Defence and Primes delay the uptake of innovative SME solutions; SMEs also struggle for visibility and trust as Primes default to familiar suppliers, reinforcing barriers to entry (Hunter Defence Whitepaper, 2025).

Australian parliamentary inquiries have also found that Defence procurement policies disproportionately favour large firms, with SMEs reporting difficulties navigating complex requirements and inconsistent communication from Primes and Defence (Parliament of Australia 2021).

3.4 Communication and Transparency between SMEs, Primes and Government

Effective communication is a critical enabler of collaboration across Australia's Defence ecosystem, yet Defence agencies, Primes and SMEs too often operate in silos with limited information sharing. As Thrasher et al. (2017) notes, a risk-averse culture within Defence can encourage cautious communication and reduce transparency around acquisition strategies. In practice, transparency gaps emerge at multiple levels, between SMEs and Primes and between industry and agencies such as CASG and the Office of Defence Industry Support, leaving SMEs without timely early-stage opportunity signals and with unclear feedback loops that impede planning and relationship-building (BAE Systems, 2025).

Government programs like the Office of Defence Industry Support (ODIS) and Defence Industry Security Program (DISP) aim to bridge communication gaps; however, the implementation often lacks consistency in practice. Literature shows that enhancing active, two-way communication channels can improve SMEs' understanding of Defence's strategic priorities and procurement timelines, fostering better alignment and trust (Parliamentary Review, 2023).

Muravska et al. (2021) show that SMEs often lack visibility of forthcoming opportunities and face opaque decision-making, both of which hinder planning and investment. Reflecting this gap, BAE Systems (2024) produced a Guidebook for New Entrants to reduce information asymmetry, signalling an ongoing need for clear, structured communication channels. A practical remedy is to involve SMEs earlier in the project lifecycle so their innovation can shape solutions before

contractual frameworks become rigid (Tuinstra, 2022); doing so, however will require more open engagement models from both Primes and Defence.

Communication and transparency between SMEs, Defence Primes, and government are essential enablers of collaboration but remain uneven in practice. Programs such as ODIS, are intended to act as a "trusted link" for SMEs (Defence.gov.au, 2024). There is a central challenge is the absence of a clear, consistent demand signal: Primes require long-term priority guidance from Defence to shape their supply chains, and SMEs need timely, specific information from both Defence and Primes to align business development and investment decisions. Without reliable visibility of upcoming opportunities and required capabilities, the sector struggles to scale knowledge, relationships and commercial capacity effectively.

3.5 Procurement and Speed to Capability

Procurement processes within Defence are recognised as complex and slow, which affects speed to market for SMEs and Primes. The contractual terms, which emphasise risk mitigation, security, and compliance, can disproportionately burden SMEs with significant administrative overheads (Hunter Defence Whitepaper, 2025). These processes, characterised by lengthy tenders, approval cycles, and security clearances, lengthen the route from capability conception to delivery. Analyses of this industry, indicates that these slow procurement cycles conflict with Defence's strategic need for timely and relevant capabilities, as underscored in the Defence Strategic Review (DSR). SMEs often lack the financial resilience to sustain protracted bidding and negotiation periods, leading to missed opportunities and underutilised innovation (Parliamentary Review, 2023). There is a call for streamlining procurement frameworks to balance diligence with agility.

Jaques (2013) highlights that effective bid management requires a deep understanding of customer requirements and procurement strategy, yet Defence's processes are frequently criticised for being opaque, overly bureaucratic, and tailored for massive platform procurement, rather than the agile purchase of "the small, the smart, and the many" (NIOA, 2023). The legacy approach to acquisition means that contractual negotiations and legal reviews consume excessive time and resources for both industry and Defence (Parliament of Australia, 2023). Despite calls for simplification, complex Requests for Tender (RFTs) remain the standard,

favouring companies with extensive in-house legal and contracting teams, or in other words, the Primes (The Strategist, 2025). This institutional inertia makes the system resistant to rapid change, effectively delaying business development cycles for every company attempting to secure a contract.

The need to improve speed to capability is clear. While SMEs offer agility and innovation, they require stronger support structures to scale and integrate effectively with Defence and Prime contractors. Conversely, Primes possess delivery capacity but are often constrained by rigid policy and procurement timelines. The literature highlights collaborative models including early engagement and strategic partnering, for reducing duplication, improving knowledge sharing, and strengthening commercial capability.

The Defence Strategic Review underscores the urgency of acquisition reform to enable faster delivery. Existing research advocates for greater delegated authority within acquisition teams and the adoption of flexible contracting approaches that support modular development and off-the-shelf procurement. Without these changes, risk-averse processes continue to penalise innovation. Embracing agile acquisition principles that align with commercial development cycles is therefore critical to improving SME participation and accelerating capability outcomes.

Finally, building knowledge, relationships, and commercial expertise across the Defence industry remains a key enabler of speed to market. Targeted investment in business acumen supported by both Defence and Primes would strengthen SME readiness, enhance supply chain performance, and improve overall Defence capability delivery.

3.6 Up-skilling and Commercial Acumen

Finally, there is a clear gap in business development acumen within the Defence industry. This is a two-way problem:

1. SMEs and mid-tiers often lack the necessary expertise in complex government contracting, bid management and the management of large-scale program risk.
2. Defence personnel (military and civilian) require greater procurement dual-fluency and an understanding of the commercial pressures, timelines, and innovative capacity of the SME sector.

By investing in programs that enhance commercial literacy across all stakeholders, from SMEs learning how to navigate compliance to Defence staff learning how to acquire commercial technology quickly, Australia can begin to build a more professionalised and strategically aligned Defence industry.

3.7 Existing Defence Capabilities and Companies that Meet Them

The Capability Matrix presented in the Capability Catalogue (Defence Teaming Centre & Defence SA, 2025) cross-references defence industry companies against their respective capability areas. The matrix details approximately 200 capabilities such as Robotics, Cyber Security, ICT, Systems Engineering, Advanced Manufacturing, Telecommunications and approximately 60 Defence Industry companies. The inclusion of 60 companies represents a limited subset of the estimated 5,300 defence-industry organisations operating nationally.

Consequently, the scope of the matrix should be interpreted as a focused representation of capabilities rather than a comprehensive national index. The matrix exhibits a distinct South Australian orientation, consistent with the DTC's mission to promote the state's industrial base and its alignment with Defence SA, the South Australian Government's defence-sector agency. This regional emphasis is evidenced by the inclusion of companies with significant operational presence within South Australia, and the omission of several major national and multinational firms that maintain limited activity within the state. For instance, Thales, although a major defence-industry entity within Australia, was not included in the matrix due to its relatively small South Australian footprint. Accordingly, the Capability Matrix should be viewed as a geographically focused, sector-specific mapping of the South Australian defence-industry landscape, rather than an exhaustive national capability register.

The Defence Industry Guide (Australian Defence Magazine, 2025) lists approximately 640 defence suppliers and industry associations operating across Australia. A category index details approximately 270 products and services by capabilities. This structure was designed to enable the classification and retrieval of supplier information according to their functional and technological competencies within the defence sector.

The Department of Defence's Industrial Intelligence Capability (Department of Defence - CASG, 2023) is used to maintain information on defence-industry capability. "Defence requires accelerated collection and access to information to support the identification of vendors who can deliver capabilities and identify any risks…" (Chirgwin, 2023). Only limited information about this capability is available and such information is not accessible to the defence industry.

3.8 Knowledge Gaps from Research

The literature consistently identifies systemic barriers facing SMEs: high compliance costs, opaque communication channels, and slow procurement cycles. While reforms such as SICPs, DISP, and ODIS aim to improve engagement, there remains limited empirical analysis of their effectiveness in the Australian context.

Three knowledge gaps emerge:

1. Limited understanding of SMEs' lived experiences navigating Defence–Prime ecosystems.
2. Insufficient evaluation of flexible procurement models that accelerate capability while maintaining accountability.
3. A lack of comparative research on best practice onboarding strategies by Primes to scale SME innovation.

3.9 Conclusion.

Australia's defence sector needs a more agile, collaborative ecosystem that genuinely connects SMEs, mid-tiers and Primes if it is to deliver timely, relevant capability. The literature points to persistent pain points, including challenges in SME engagement, procurement complexity, communication gaps and slow "speed to capability." These issues are not just commercial irritants; they cut to national security. The paradox is clear: the National Defence Strategy calls for speed and agility, yet institutional settings, procurement rules, contractual complexity and a Prime-centric engagement model, continue to create friction (United States Studies Centre, 2025). The path forward is not "business as usual" but a set of reforms that improves transparency, streamlines contracting, embeds SMEs earlier in the lifecycle, and builds the commercial capabilities needed to scale innovation across the sector.

The enhancement of business development within the Australian defence sector is not merely an economic concern: it is directly tied to national security strategy. The current landscape is defined by a critical paradox: the urgency of the National Defence Strategy demands speed and agility, yet the institutional structures, procurement processes, contractual complexity, and a Prime-centric engagement model, continue to create systemic friction. Contracting should be simplified to accelerate procurement and lift speed to capability; clearer, more consistent communication and demand signals (especially from Primes) to support SME planning, cash flow and growth; and institutionalise a dual-use, inclusion-first approach that prioritises innovation over legacy. Done well, these changes would move the sector from slow and complex to dynamic and commercially effective, better aligning industry effort with Australia's

strategic defence objectives. To move forward, stakeholders must collectively abandon "business-as-usual" (United States Studies Centre, 2025).

4. SCOPE & RESEARCH APPROACH

4.1 Research Methodology.

In the initial phase of the project, various research methodologies were considered and discussed. The research methods considered included surveys, interviews, analysis of literature, case studies, focus groups, mock business development campaign workshops and vox pops/questionnaires at trade shows/networking events. After trade-off analysis and to effectively evaluate the specific areas highlighted in the research question, two detailed case studies and a targeted focus group were selected. The two research methodologies were employed in order to gain a comprehensive understanding, to achieve 100% coverage of the research objectives, to enhance applicability of results, and to gain a reliable, valuable and valid data set to analyse. The case studies provide depth of knowledge. Depth of a detailed investigation in the real-world context to generate insights, recommendations and roadblocks.

The focus group provides breath of knowledge. Breath of Wider insights from more professionals, more companies and more experiences. Quantitative and qualitative analyses were conducted on the responses to identify patterns, correlations, and differences. The combination of the deep, personal insights from two studies, coupled with the breadth of respondents and targeted responses in the focus group, generates a rich picture in response to the research question and a strong basis on which to draw recommendations.

4.2 Case Studies.

The aim of the case studies was a detailed exploratory investigation in the real-world context of business development in the Australian defence sector. The exploratory approach helped generate insights, recommendations and roadblocks. Through the case study, the surrounding context was captured—including environmental and organizational factors and its influence on business development was assessed. This enabled findings in the literature to be tested against the lived experience of two successful businesses.

The format adopted was to select a targeted pair of case studies and engage in in-depth business development discussions lasting over two hours in person. This approach provided the optimal balance of depth of understanding and insight versus volume of data.

Prior to the interviews, the case study participants were informed that they can retract or correct any statements made. This measure was implemented to protect commercially sensitive information and to prevent misquotation. The paper was reviewed by the case study participants before publication.

4.2.1 Planning

Candidate case study participants were nominated by the project mentor and the final selection was determined during a selection meeting. The two chosen participants were selected on the following basis.

- Both are small enterprises with recent lived experience in navigating business development in the Defence Industry and therefore would provide a means to evaluate the challenges identified in the literature review with specific examples.
- Both were willing to participate and engage with the project, including publication of the findings.
- The intercomparison could provide valuable insights. Compared to Axiom, Redback could be considered recent entrants to the market. Therefore, there was potential gain in determining if the industry has evolved for the better in terms of SMEs becoming established in defence in the circa twenty years since Axiom first embarked on diversifying in the late 2000s. The opportunity for knowledge sharing between SMEs on lessons learnt and factors that could accelerate business capture was also an area that could be explored.
- The proximity of the businesses, not only to one another, but to the wider South Australian defence industry in Adelaide could provide insights around the level of importance in location of SMEs in being able to successfully enter and grow in the highly competitive defence industry.

The agenda outlined in Figure 1 was agreed as the format for the engagement.

Agenda	Time
Welcome & Introductions	5 mins
Overview of Research Topic	5 mins
Interview Questions	
Experience to date in Business Development within the Defence Industry	10 mins
Key challenges & obstacles	15 mins
Solutions, lessons learnt & recommendations	15 mins
Review & Next Steps	10 mins

Figure 1: Case study agenda

4.2.2 Interview Structure

A semi-structured interview was conducted, guided by the themes and questions outlined in Figure 1 while allowing flexibility to explore emerging insights that arose during the discussion. A set of interview questions was defined in advance and reviewed to ensure alignment on the key themes, research objectives and the focus group. After introductions, the voluntary nature of the case study was reaffirmed. The participants were informed that the interview insights would be published in a publicly accessible paper and not to disclose classified or commercially confidential information. Participants were granted the right to redact any statement at any time. The completed case study was reviewed by the participants prior to publication, providing an opportunity for the redaction of any statements or information as deemed necessary.

4.2.3 Axiom Interview

Axiom Precision Manufacturing (hereafter Axiom) are a family-owned precision manufacturing company founded in 1979 and headquartered in Wingfield, South Australia. The company employs over 70 staff and was originally producing moulded plastics for the automotive industry. In subsequent years, its operations were diversified toward the defence, space, and medical sectors. Axiom provide a full life-cycle engineering service supported by advanced machining capabilities.

The Axiom interview was conducted with Mr Fred Hull, Aerospace and Defence Manager, at Axiom's premises located at 13 Johansson Road, Wingfield, South Australia, on Wednesday, 6 August. A site tour was provided by Mr Hull examining three of Axiom's factories. The interview was carried out concurrently with the tour, and questions were posed at designated checkpoints and during transitions between them. Detailed handwritten notes were taken by one researcher to document the discussion. Upon conclusion of the interview, the opportunity for participants to review the research prior to publication was

reaffirmed, and the review process was clarified. The combined interview and site visit were completed over a period of approximately two hours.

4.2.4 Redback Interview

Redback Drilling Tools & Manufacturing (hereafter Redback) is a division of SGS, the world's leading testing, inspection, and certification organisation. Redback is distinguished as the only SGS division engaged in product manufacturing. Originating in the oil, gas, and mining industries, Redback has developed a range of patented innovations in drilling tools. The organisation maintains a strong emphasis on quality assurance and compliance with engineering standards principles that align closely with SGS's core values. The Redback interview was conducted with Mr Clint Russell, Industries and Environment Business Manager, at Redback's premises located at 104 Francis Road, Wingfield, South Australia, on Wednesday, 20 August. A semi-structured interview was undertaken, guided by the themes and questions outlined in Figure 1, and was conducted over a one-hour duration. Detailed handwritten notes were taken by one researcher to document the discussion. Following the interview, a tour of Redback's facilities was conducted, providing valuable contextual understanding and reinforcing key points raised during the conversation. Upon conclusion, the opportunity for participants to review the research prior to publication was reaffirmed, and the process for review was clarified. The combined interview and site visit were completed within a two-hour period.

4.2.5 Case Study Analysis

The two case studies were analysed to enable an in-depth examination of the phenomenon under investigation. Qualitative data were systematically analysed to develop an understanding of the contextual environment, explore the underlying issues, derive insights, and formulate recommendations. Each recorded note was subsequently classified into one of three predefined categories

1. Conversation or observation note. A record of the conservation or a researcher's observation.

2. Researcher's insight. A note was prepared by the researcher for the research team and was used to highlight key aspects of the interview and to record initial analytical insights.

3. Not for publication note. A note that provides context to the researchers, but the details are not for publication in the report. The note may be business sensitive, irrelevant or the interviewer requested its omission.

Each case study note was categorised in accordance with the research aim and objectives to ensure that the analysis remained focused on the central topic. A second-pass analysis was then conducted to identify patterns and to group the notes into overarching themes. Thematic grouping was undertaken to distil the extensive volume of notes into coherent and meaningful insights while minimising redundancy. The research findings were subsequently developed and articulated based on the established themes, categories and supporting notes.

4.3 Focus Group

The aim of the focus group is to provide breath of knowledge. The focus group provided a broader range of insights and data from a larger sample of targeted professionals. The focus group provided responses through an online questionnaire. Quantitative and qualitative analyses were conducted on the responses to identify patterns, correlations, and differences. The focus group served to complement the case study research by offering validation and extending insights within a wider contextual framework.

Subjects were provided with disclosure about the study and its aim, the data collected, voluntariness, and right to withdraw at any time without reason. The subjects were informed the anonymised data will be published in research paper.

4.3.1 The Subjects.

The focus group subjects were drawn from targeted professional networks, specifically focusing on the roles of senior growth officers, business development professionals, and senior leaders. Invitations were distributed through the most suitable channel for each prospective participant—email, direct message, or QR code. The focus group comprised 22 participants. This sample size of 22 was recognised as a potential threat to validity.

4.3.2 Questionnaire Development.

Before the development of the focus group questionnaire, a literature review was undertaken to ensure that the research was novel, built upon existing studies without duplication and adhered to established conventions to support comparability. Draft questions were collaboratively prepared in a spreadsheet. Each question was specified with its type (multiple choice or qualitative), classification (context or core), response options and sequence.

4.3.3 Focus Group Questionnaire Review.

The survey was reviewed prior to distribution to ensure alignment with the research objectives and to enhance the likelihood of effective data collection. A multi-pass review process was undertaken:

4. Each question was examined for structural soundness, necessity, appropriateness, clarity, completeness, and accuracy. This review also evaluated the question type, classification and the suitability of the multiple-choice options.

5. The full set of questions was reviewed for completeness, internal consistency, and overall comprehensibility.

6. The questionnaire was further examined to confirm alignment and coverage of the defined research objectives.

A pilot test of the questionnaire was conducted to verify its appearance, functionality, technical platform and data collection process. The pilot test data were discarded to ensure that no contamination of the final survey data occurred.

4.3.4 Questionnaire Platform.

Several survey platforms were evaluated through a comparative assessment of their features, cost, usability, and capacity to support data analysis. This analysis indicated that Microsoft Forms provided the most balanced performance across the criteria and was selected for use in this study.

4.4 Threats to Validity.

The identification of threats to validity was undertaken to acknowledges limitations and ensure transparency. Threats to validity shows that potential weaknesses or biases in the research design, data collection or interpretation have been critically examined.

4.4.1 Focus Group Subjects

The 22 focus group subjects were selected from the research team's professional networks. This is a threat to validity and ethical research conduct because subjects must volunteer free of coercion and undue influence. The subjects were volunteers, but their consent is influenced. Professional network subjects are likely to volunteer because they have a desire to help colleagues. The subjects may feel professionally compelled to participate. To mitigate this threat, the participants were reminded that their involvement in the research was entirely voluntary and that a decision not to participate would have no consequence

or impact on them. An invitation to participate in the focus group survey was extended to the project mentor.

4.4.2 Focus Group Sample Size

The focus group sample size of 22 falls well short of the required sample size of 359 (Krejcie & Morgan, 1970). This is a threat to validity as the findings may not be representative of the population. The population for this study is Defence Industry companies who supply the Australian Defence Force. The population was estimated to consist of approximately 5,300 companies, based on the 69,400 individuals employed in the defence industry in 2023 (Australian Bureau of Statistics, 2025). To achieve 95% confidence for 95% of a population of 5,300 requires a sample size of 359.

4.4.3 Focus Group Not Representative

22 subjects participated in the focus group invited from the research team's professional networks. There is a threat to validity that the sample is not representative of the population. The population is Defence Industry companies who supply the Australian Defence Force. South Australian companies are overrepresented. An attempt was made to mitigate this threat by inviting participants from organisations of varying sizes, however a potential limitation remained that the distribution of company sizes might not be representative of the broader population.

4.4.4 Case Study Not Representative

Two case studies were conducted, with participating companies selected based on recommendations provided by the project mentor. A potential threat to validity was identified, as the data and insights obtained may not be fully representative of the broader industry population. Bias inherent in the mentor's recommendations may have influenced the selection process and, consequently, the generalisability of the research findings.

4.4.5 Qualitative Analysis

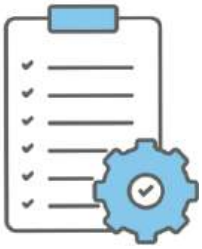
The qualitative data were analysed and coded based on the collected results. A threat to validity was identified, as the qualitative analysis may not have been exhaustive in capturing all possible interpretations. The potential for inaccurate conclusions regarding cause-and-effect relationships was also recognised. This threat could be mitigated through independent review to enhance the reliability and robustness of the findings.

5. FOCUS GROUP RESULTS

5.1. Overview

The focus group involved business development professionals representing SMEs, mid-tier companies, and prime contractors operating within the Australian Defence sector. The data collected revealed consistent structural and procedural barriers that restrict the efficiency and competitiveness of SMEs and Primes in pursuing Defence work. Participants' responses focused primarily on **three recurring challenges.**

Limited visibility of upcoming opportunities.



Lack of standardisation in procurement and registration processes.

Difficulty navigating Defence-specific business development practices.

Collectively, these findings suggest a strong need for both improved information connectivity and access to experienced guidance within the Defence industrial ecosystem. The basis of the analysis in this chapter is either from direct quotes as identified or from the graphs found in Appendix A.

5.2. Visibility of Opportunities.

Respondents consistently reported difficulty in identifying and forecasting Defence work opportunities. Many described the current environment as lacking a "clear roadmap identifying the pipeline of work coming up in the short, medium and long term." This absence of structured visibility was said to hinder planning and resource allocation: "Resource planning, where to invest, either in training employees, hiring

new ones, or investing in infrastructure all becomes more difficult." Participants noted that while platforms such as AusTender and ICN Gateway provide official listings, these do not always convey future program intent or project readiness. The absence of a unified information system forces SMEs to "knock on doors" across multiple primes and agencies, often missing opportunities or duplicating effort.

5.3. Procurement Process & Standardisation

Procurement complexity was the most frequently cited operational challenge. Respondents described the Defence tendering environment as "lengthy, multi-stage, and inconsistent," with constant variation in documentation, compliance requirements, and evaluation criteria between primes and agencies. One participant noted: "Bespoke formats and response structures for each prime increased workload.
Having to recreate the same information in slightly different forms each time."

"Defence projects often involve extended procurement cycles that can delay project award. The only way we combat this is being diverse across other industry sectors"

- Survey respondent #13.

The lack of standardisation was reported to increase cost, delay submission timelines, and reduce participation by smaller firms. Several participants proposed that Defence and primes adopt common bid templates, compliance checklists, and supplier registration criteria to streamline participation.

5.4. Navigation & Business Development Capability

The survey data highlighted that success in Defence business development requires a unique set of skills and knowledge distinct from commercial markets. Participants described the sector as "highly regulated, relationship-driven, and bound by complex procurement processes with long lead times." Many SMEs reported difficulty understanding Defence terminology, approval processes, and engagement rhythms. As one respondent explained: "Defence business development demands different rhythms, language, and relationship-building approaches compared to commercial markets." To address this, participants described adopting structured, long-term "campaign methodologies" involving stakeholder mapping, sequential engagement, and proactive participation in Defence forums. However, several noted that developing such expertise internally was "resource-intensive and slow."

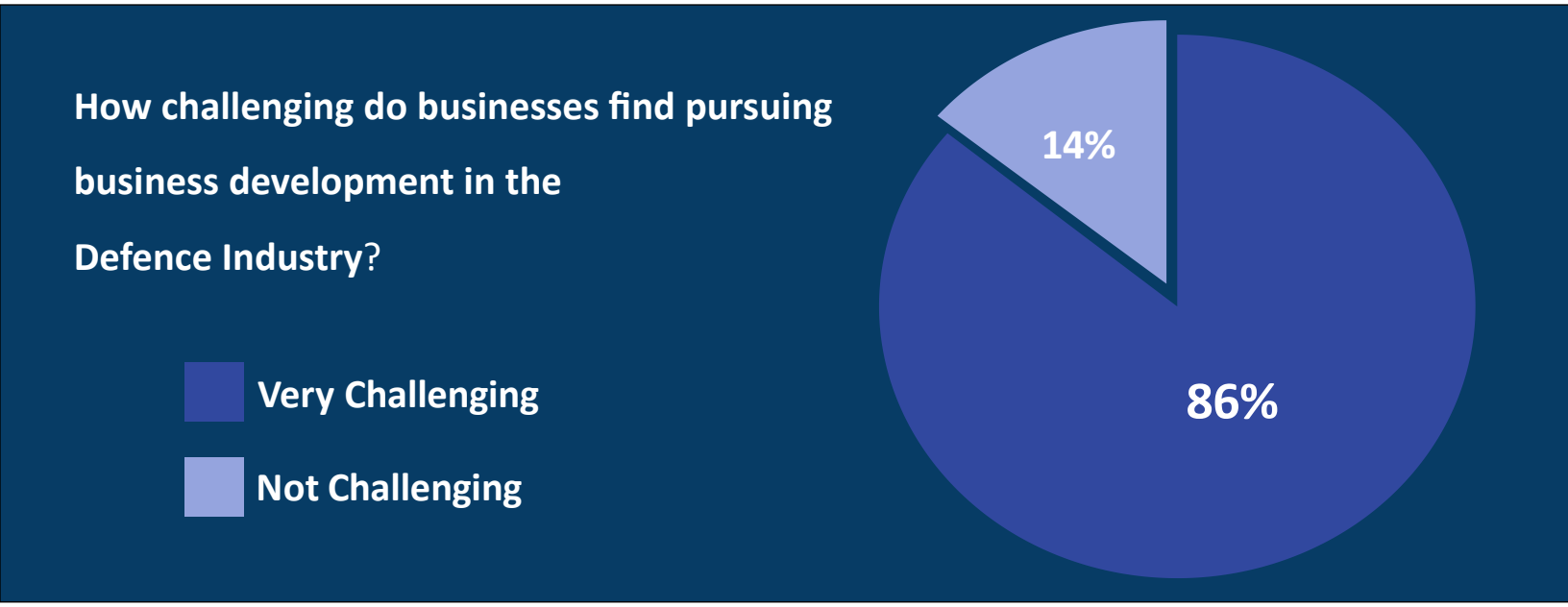


Figure 2. Level of Challenge in the Defence Industry

5.5. Access to Decision Makers & Communication Barries

Respondents frequently cited restricted access to Defence decision-makers and end users. One participant described the challenge as: "Decision-makers are often protected by multiple layers of gatekeepers." Limited transparency and slow communication channels were seen to reduce opportunities for early influence on project requirements. SMEs reported implementing structured engagement plans, leveraging existing networks, and forming teaming arrangements to "create warm introductions and gradually build access." These strategies, while effective for larger or more experienced firms, were resource-intensive for smaller businesses.

5.6. Bid Complexity & Administrative Burden

Survey responses revealed widespread frustration with the volume and repetition of data required in bids. Several SMEs described the process as "diverting resources from value-added activities." To mitigate this, some organisations had developed central repositories of standard bid data, reusable narratives, and internal compliance frameworks. Others used "AI-assisted drafting to improve speed and accuracy." Nonetheless, respondents emphasised that such internal systems are not universally feasible for smaller firms with limited resources.

5.7. Current Positive Practices

Despite the significant challenges identified, participants also highlighted several practices within the Defence industry that were seen as effective and worth expanding. Firstly, respondents noted that influencing opportunities early in the project lifecycle was an important success factor. Many reported positive experiences where they were able to "shape requirements" by engaging with Defence customers before tenders were released, resulting in more practical and achievable scopes of work.

Secondly, early engagement across industry partners was described as highly effective in improving bid quality and delivery readiness. By "engaging with industry early," respondents noted that companies were able to plan work collaboratively and develop complete bid solutions, reducing the risk of contractual disputes later in delivery.

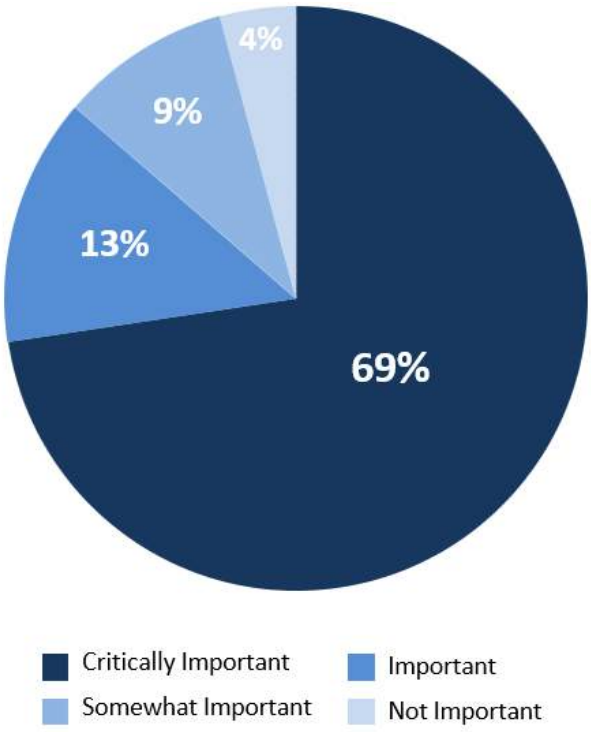


Figure 3. Importance of Defence relationships

Figure 3, shows the survey findings of defence relationships to business development opportunities. These relationships are built by networking, was the most commonly cited activity contributing to successful business development outcomes. Respondents described it as the single most important factor, achieved through "targeted participation in key Defence events," collaboration with previous colleagues, and maintaining trusted professional relationships across the sector. Collectively, these findings demonstrate

that structured engagement, collaboration, and networking remain critical enablers of success in the Defence business development landscape.

5.8. Focus Group Summary

The focus group findings provide a consistent evidence base showing that SMEs face persistent challenges in accessing Defence opportunities due to fragmented information systems, variable procurement practices, and limited institutional knowledge. Participants' feedback demonstrates that improving access to information, standardising procurement processes, and supporting the development of Defence-specific business development capability would resolve many of these systemic inefficiencies. While the data highlights several areas for improvement, it also shows that where structured engagement, relationship-building, and collaboration frameworks exist, SMEs are better equipped to navigate the Defence environment. Implementing measures that expand these effective practices across the sector would strengthen SME participation and contribute to Defence's broader objective of delivering capability to the warfighter with greater speed, efficiency, and resilience.

6. CASE STUDIES

6.1. Introduction

In order to further explore the challenges facing SMEs in the Australian defence industry, two case studies were undertaken focusing on two small, South Australian businesses: Redback and Axiom.

6.2. Key Hypothesis

From the prefatory literature review outlined in Section 3, the key areas that were explored were:

- Factors driving SMEs towards entering the Defence market
- The role of Business Development expertise in determining success
- Challenges and obstacles in navigating complex procurement processes
- Engagement and relationships, including with government and primes
- Lessons learnt and recommendations

By focusing on these topics in both case studies, it was possible to draw comparisons and learnings.

6.3. Redback

6.3.1. Entry to Defence

The initial catalyst that drove Redback towards exploring the defence industry was a slow-down in the oil and gas industry in 2020-2021 due to the Covid 19 pandemic. Whist the resources or agriculture sectors seemed obvious choices for a small drilling and manufacturing business in South Australia, it was the escalation of the war in Ukraine in 2022 that prompted Redback to boldly pursue Defence.

Redback's initial steps into Defence actually took place in Canada, where Redback successfully became approved suppliers for Raytheon. The business built up their value proposition for Defence, focusing on the niche drilling products and services, in order to obtain support from their global parent company SGS to embark on the path to diversify.

They performed research into the industry, joining the Defence Industry Security Program (DISP) as well as establishing networks with Defence South Australia, the Defence Teaming Centre and industry primes.

6.3.2. Role of Business Development Expertise in Determining Success

Redback's entry into the defence industry was significantly supported by key contacts that had previous knowledge of the industry. They leveraged this to more effectively navigate the pathways through and better understand the key customer expectations.

The business also engaged a consultant with significant expertise and experience in supporting SMEs into the defence industry. This expert knowledge was fundamental to being able to forge a pathway through the early phases (such as onboarding with multiple major suppliers). The key support that Redback received from their external Business Development consultant included:

6.3.3. Challenges and Obstacles

Redback, unsurprisingly, encountered a number of challenges in the transition into the Defence Industry, which have been detailed below.

6.3.3.1. Certification & Standards

The ability to achieve certification and demonstrate adherence to defence manufacturing tolerances, requirements and standards presented a barrier. This was especially the case in the examples where the manufacturing standard achieved by Redback exceeded the industry requirement, which was also above the specific tender requirement. However, as compliance was measured to the tender requirement, there was a perception that the standard had not been met. This difficulty in demonstrating equivalence in standards created confusion as well as the risk of missed opportunities where compliance was not adequately understood by those assessing the bids.

6.3.3.2. Complexity in Supplier Processes

As highlighted in the literature review, it is well known that procurement processes within the Australian defence industry are lengthy and complex. This presented a significant challenge to Redback in understanding the exact steps required to submit bids and tenders. Furthermore, the extensive variation in process across the industry to become an approved supplier with a prime or other second tier supplier entailed that engaging with defence supply chains was lengthy and laborious.

6.3.3.3. Extended Timelines for Return on Investment

Compared to other industries where Redback had an established customer base, it was evident that with the long development and contract cycles in defence, there could be an extended period before any return on investment was obtained. The experience to date in Redback was that entering into the defence

industry is a long journey requiring commitment and tenacity to persevere. From a financial perspective, in order to sustain ongoing investment to build the business before any purchase orders are received, investment capital needs to be made available. In the case of Redback, the backing of their parent company SGS was pivotal in transitioning through the "start-up" phase, yet this still provides a significant challenge for SMEs in managing the financial exposure associated with defence contracting.

6.3.3.4. Competition within Defence Industry

Additionally, there were instances during the phase where Redback were establishing their capability in the industry where it was almost impossible to meet the exacting requirements of bids. It was hypothesised that contracts may be going out to tender with a pre-determined preference on selection or where the niche requirements dictated that a large portion of the potential contractors would be unable to deliver. This highlighted a key element of the highly competitive, potentially political nature of bid winning in defence. Early engagement is key in both winning work as well as accurately selecting the upcoming opportunities that are worth competing for where resources are limited.

Another area of competition was in the demand for trades people to deliver on contracts. With limited supply of qualified trades in South Australia to meet Redback's resourcing needs, they experienced difficulty in sourcing the required skills.

6.3.4. Engagement & Relationships

Redback highlighted the value of the Defence Teaming Centre (DTC) as an important entry point for networking, enabling the growth of their business into the defence industry. In particular, the support from the DTC enabled Redback to:

- Build brand awareness across the industry
- Attend industry networking events for exposure (e.g. Redback hosted a booth at the Land Forces event in Melbourne)
- Receive knowledge transfer from other SMEs and share learnings
- Establish broader connections within the industry beyond the local level (e.g. with Mitsubishi in Japan)

6.3.5. Lessons Learnt & Recommendations

The key lessons learnt that were emphasised by the Redback team were to network to build up a wide range of valuable connections and bring in expert support early to help the business navigate the industry.

Interestingly, the recommendation was not to network extensively and broadly, but rather to use expert insight to identify the key areas (e.g. events, upcoming bids, partners, primes) where establishing a strong, trusted relationship would be most likely to reap rewards. SMEs need to consider how other competitors and primes establish their programs, and they must engage the relevant bidders/primes. If the business name and its capability is not a "known" entity, then it is essential to reach out to build that understanding prior to expecting to win future work.

A number of potential improvements to enable Business Development more widely were also proposed, including:

- An entry level portal for upcoming programs which allows new entrants to register and then be provided with the relevant information to enable them to bid for work.
- Extend or make available expert help for new entrants into the industry.
- Look for opportunities to standardise procurement processes to create a level playing field and minimise wasted effort between bids.
- Increase skills in Business Development across SMEs to ensure they have the required acumen to successfully compete in the industry.

6.4. Axiom

6.4.1. Entry to Defence

Prior to entry into the Defence Industry, the majority of Axiom's business was focused on manufacturing exports for the automotive industry. There were a number of factors that made this a challenging environment in which to grow the business:

- The quality of overseas manufacturing improved considerably to achieve a comparable standard and these businesses were able to undercut the Australian domestic market
- Requirement to rapidly export to customers, and due to being based in Australia, Axiom had to be 4 weeks quicker than the competition due to the shipping time

- In the automotive industry, large manufacturers would stipulate that no single component manufacturer would get paid until the whole assembly unit was integrated together. If a single component from another manufacturer was faulty or late, then none of the manufacturers inputting into the assembly would get paid until the last item was installed. This resulted in payment cycles for these contracts that were excessive, leading to Axiom awaiting payment for 12 or even 18 months. This was obviously not a long-term sustainable business model.

With agreement and backing from the business Leadership Team and owners, Axiom devised a strategic plan to pivot towards defence. Although it was not fully known at the time, this shift was fortuitous as the future demand for precision manufactured parts from Australia from overseas automotive manufactures would dwindle over the years that followed, before essentially drying up altogether post-Covid.

6.4.2. Role of Business Development Expertise in Determining Success

A key element in Axiom's success was the strategic vision of the business owners. From the outset, they took innovative decisions to future-proof the business and establish a base for growth. They bought a manufacturing site in Adelaide and, rather than building one large factory, they built a sub-divided flexible factory with five standalone areas. The business initially used Factory one and two, subletting the rest, then over time expanded into Factory 3 when the work grew. This foresight and upfront investment enabled the business to rapidly expand and demonstrate to potential investors/customers that they are strongly positioned to deliver on future work.

6.4.3. Challenges and Obstacles

Similar to Redback, Axiom also highlighted that entering and growing a business in the defence industry is a lengthy process, with an estimated 5 years required to become established and start to see a return on investment. Endurance is required to navigate through the early phases of entering the defence industry. For example, at program start-up there can be cash flow issues where there is required financial outlay for a prolonged period prior to any purchase orders being received. Additionally, where multiple new projects are initiated in parallel, this can create additional strain on SMEs. Axiom received three grants to enable them to invest in growing their capability:

- Purchase of a fluid dynamics press (Federal grant)
- Support for building of the factory facilities (State grant)
- Purchase of a precision lathe and milling machine

It is also notable that Axiom's owners were willing to take on risk and invest in the expansion of their business.

6.4.4. Engagement & Relationships

The Axiom owners also applied a very targeted approach in growing their presence and network in defence. In the early days of their expansion into defence, they sought to build relationships with the key primes, they built connections directly with Defence and they attended the Defence Science and Technology (DST) open day for exposure to new opportunities. This proactive engagement continues to the present, for example through Axiom's DTC membership. The team interconnect through existing program teams, host Defence Industry Study Course (DISC) tours for industry and Defence. Key leaders in the business, including both the Aerospace and Defence Manager and the General Manager have attended DISC.

6.4.5. Lessons Learnt & Recommendations

The team at Axiom highlighted the importance of building a strong reputation and delivering on commitments. By clearly identifying their differentiators (e.g. fabrication all in one location), they were able to create a compelling case for the customer and become a market leader in precision engineering. This could be summarised as:

- Understand the niche/fit for the business within the wider industry
- Understand and clearly articulate the specific offering of the business
- Align and network with industry associations such as the DTC, Australian Industry and Defence Network (AIDN)
- Build relationships and contract an experienced Business Development Manager
- Build reputation

Axiom also learnt to build long term relationships with suppliers. By gaining a deep understanding of the supplier needs, particularly on delivery timing, they were able to identify efficiencies, negotiate "just-in-time" delivery and demonstrate honesty in their forecasts. This emphasises the importance of trust in business development with existing customers in the defence industry.

6.4.6. Discussion and Insights

Axiom is clearly an SME success story in Business Development in the Defence Industry. From first entering the industry on small projects, to building their facilities for growth to winning significant work on international aerospace programs, their capability and reputation are now well established. It is evident that the quality in the product that Axiom deliver is at the heart of their business development strategy. This, coupled with the shrewd business decisions of the owners to invest for growth and build targeted networks in the early phases, has been key in their continued Business Development in the Defence Industry.

The collaborative approach at Axiom in respect to their competitors and stakeholders demonstrates that it is not only possible to work across traditional siloes to deliver for the ADF, but in fact, it can be the optimal way of "teaming", driving SMEs in the Australian defence industry forwards together with primes. For example, Axiom invite competitors to tour their facilities and host industry visits. By bringing in the wider industry they are able to showcase their niche capabilities to potential customers. More importantly, it is evident that manufacturing SMEs in the Defence Industry require critical mass to keep attracting work that might otherwise be diverted overseas. To deliver on large programs (such as AUKUS) and grow manufacturing capability, Australia needs a strong SME manufacturing base with clear demands for future work. This dichotomy underlines a key insight: the defence industry is highly competitive especially for SMEs, yet it is those same SMEs that may need their direct competitors as allies in growing a robust, resilient, highly capable defence industry.

Another example of this approach is in the use of Axiom's specialist machines. The utilisation rate of the machine was not 100% with Axiom's order backlog. The remaining capacity could be used by the wider aerospace industry. In sharing capability as an SME, Axiom are able to cross-pollinate with other industry experts as well as draw more work to their site, further strengthening the domestic defence precision manufacturing presence in Australia.

7. ANALYSIS & SUMMARY OF RESEARCH FINDINGS

This section provides a summary of the key findings from both the focus groups and the case studies. This data provides the basis for the recommendations that are presented in Section 8.

Area of Research Question	Redback	Axiom
Key Challenges	• Demonstrating that Defence Certification & Standards have been met and/or equivalence • Complexity in Supplier Processes • Extended Timelines for Return on Investment • Competition within the Defence Industry	• Estimated 5 years required to establish in industry • Significant investment required upfront & timing of opportunities
Current & Historical Industry Engagement	• Became approved suppliers for Raytheon • Joined the DISP • Developed networks with Defence SA, DTC & industry primes.	• Engaged with key primes and directly with Defence • Attended the DST open day • DTC member. • Hosted DISC tours for industry and Defence. • Attended DISC.
Business Development Skills & Acumen	• Obtained support from parent company SGS for move into Defence • Building relationships through networking • Developed background knowledge of industry • Targeted approach to seeking out opportunities • Built understanding of primes • Undertook volume of supply chain sign-ups	• Obtained agreement and backing from the business Leadership Team for the diversification • DTC engagement to grow visibility of opportunities and industry knowledge • Invested in facilities with growth potential – evidence of shrewd business thinking • Targeted approach to seeking out opportunities
Key Recommendations	• Network strategically to build up a wide range of valuable connections. • Obtain guidance and support from Defence Industry expert to enable most effective use of resources • Create a portal providing improved visibility of upcoming programs • Standardise procurement processes between primes/programs • Recognise the need for skills in Business Development to succeed in challenging industry	• Articulate your specific offering for Defence • Align and network with industry • Contract an experienced Business Development Manager to enable targeted approach • Building a strong reputation builds a foundation for securing opportunities • Build long term relationships with suppliers – this proves highly valuable to sustaining success in the Defence Industry

Figure 4. Summary of Case Study findings

7.1 Key Recommendations

In summary, the key recommendations from the case studies to achieve effective Business Development as new entrants into the Defence Industry include:

- Understand your value proposition within the landscape of the Defence Industry;
- Build strategic, targeted networks from the outset; and
- Enlist the support of an "Expert Guide". This expert will support your preparation and ongoing business development in the Defence Industry through:
    - Advocating for your business
    - Providing inside, veteran knowledge of the industry
    - Directing targeted, effective use of resources
    - Generating connections and providing visibility of incoming opportunities
    - Supporting the business to obtain certification, accreditations and all required pre-requisites such as DIP membership
    - Supporting the business to define clear value proposition & grow reputation e.g. QUAD chart example in BAE handbook (BAE Systems, 2025).

These recommendations will be expanded further in Section 8.

7.2 Strategies to use Business Development to Achieve Speed to Capability

Clearly, there are multiple factors that determine the time taken to deliver capability for Defence and Business Development is only one element in a much wider problem space.

However, from the insights gained through the case studies in Section 8, there are a number of areas where more widespread adoption of effective Business Development strategies could support an increase in "Speed to Capability" for SMEs entering the Defence Industry:

- Obtain backing from internal stakeholders, parent companies and key decision makers early in the process. By having this support in place, it is easier to move at pace and eliminate blockers later in the process.

- Seek government (federal and state) funding to support initial investment. There may be a lengthy time period between beginning to seek growth in the Defence Industry and achieving a return on investment – typically around 5 years from the experience indicated in the case studies. By leveraging grants and financial support, SMEs may be able to accelerate their growth and provide capability more quickly than if reliant on winning contracts alone.
- Ensure the business is clear on their proposition value in the Defence Industry and niche areas of expertise (if applicable). Businesses may achieve faster delivery on capability to the end user if their offering is clearly differentiated from competitors or existing capability when engaging with primes and Defence. Conversely, businesses could easily waste time in saturated areas of the market or require a much lengthier journey to be recognised and trusted to deliver their products services if their unique expertise is not well understood by industry stakeholders.

Therefore, it is proposed that supporting businesses to enter and succeed in the Defence Industry is not only beneficial for the business itself, but there could be more significant gain to be had for Government and the ADF if these approaches were to be applied more widely.

7.3 Partnering Models.

Across respondents, there was broad agreement that effective partnering in the Defence sector depends on early alignment, complementary capabilities, and structured collaboration. Key themes included:

- Clarity from the outset: Clearly defining roles, responsibilities, and shared objectives early in the process sets the foundation for effective partnerships.
- Structured planning: A well-developed campaign or pursuit plan provides focus and coordination throughout joint engagement.
- SME collaboration: Small and medium enterprises bring agility and specialist expertise, which can yield strong results when priorities and resourcing are agreed upfront.
- Mid-tier advantages: Mid-tier partners offer useful scale and established systems while retaining flexibility, making them well-suited for co-developing complementary solutions.
- Engaging with primes: Partnerships with prime contractors provide access to major programs but require very early engagement to align with bid strategies and Australian Industry Capability (AIC) obligations. Late engagement is rarely effective without a clear and differentiated value proposition.

- Sustained collaboration: Regular communication, stakeholder mapping, and shared pursuit planning help maintain momentum and ensure all parties' strengths are leveraged effectively.

7.4 Check List Prior to Entry to Defence.

1. From the insights provided from the two case studies, there are five key questions that may be useful for businesses to ask as a Gate Review prior to embarking on entry into the Defence Industry: Does the business have sufficient Defence-specific Business Development knowledge and experience in-house to successfully enter into the Defence Industry?
2. Does the business understand the Defence Industry landscape, culture, key players, future direction and processes?
3. Does the business have required internal stakeholder support in place to enter the Defence Industry, including planning for potential long return on investment?
4. Has the business defined and clearly articulated its value proposition for defence and alignment to Defence Strategic goals?
5. Does the business have the necessary certifications, memberships, licences in place as prerequisites for undertaking work in the Defence Industry?

If the answer to any of these questions is "No", then it is recommended that the business engage expert guidance on the Defence Industry and/or continue to plan and prepare. There is clearly an interdependency here, in that having expert insight (either in-house or externally) will ensure that the planning and preparation phase is most effective. This key recommendation is further explored in section 8.

8. RECOMMENDATIONS

#1 LINKING CERTIFICATION & TENDERING TOOL

As discussed in section 5 some of the key findings from the survey were that when undertaking business development for either SMEs or Primes there was difficulty finding available opportunities, speaking to the most appropriate stakeholder, and a lot of duplication when responding to bids in terms of compliance documentation. For a SME or small to medium enterprise to contract work with a Prime, they have to undertake a lengthy process to be added to an approved supplier list before a purchase order can be put in place. The typical process to become an approved supplier may look something like this:

- Identification of Prime to work with;
- Identification of key stakeholder from Prime;
- Convince stakeholder your organisation is worth pursuing and add to their supplier list;
- Submit extensive documentation and complete audits (multiple back and forth); and
- Receive approval from Prime

Item number 4 above may take many months and unfortunately is likely to be slightly different between organisations. As certain insurance and liability documentation expires it is required to be submitted to the buyer/customer on a regular basis to maintain compliance and can be a very time-consuming activity. Fortunately, there exists a solution in this space already and is called JOSCAR. Many Primes within Australia have already started using it. Note that JOSCAR does not provide all of the assurances, and suppliers still need to pass further checks to become an approved supplier, but it does reduce duplication by taking care of a lot of standard documentation. While JOSCAR is great for supply chain compliance, it doesn't directly publish opportunities which something like ICN Gateway does

This recommendation is to link JOSCAR with ICN Gateway in such a way that minimises duplication for suppliers. What this could look like in reality:

- ICN Gateway continues to list work packages;
- JOSCAR continues to act as supplier assurance, and more companies continue to accept JOSCAR compliance into their supply chain processes; and
- ICN Gateway links accreditation (through a badge or similar) from JOSCAR clearly identifying for the work package holder the level of accreditation the supplier has.

This could be described as a streamlined process from awareness to expression of interest, to pre-qualified acceptance, to contract discussions. The main efficiency gain in doing this relates to suppliers not having to provide standard documentation multiple times when submitting bids through ICN Gateway.

A stretch goal here for JOSCAR and Primes would be for JOSCAR (or a similar tool) to provide the full service for a supplier to become an approved supplier. As there are specific contract terms and conditions, or NDAs, etc. that Primes need the tool would need to store data in a secure way for each prime. In some instances this may not be feasible as the information is heavily linked within Primes ERP or procurement systems. The primes would also be shifting their legal responsibilities from selecting suppliers and entrusting that to JOSCAR which may be a bridge too far. JOSCAR would also have to become a certified third-party auditor/regulator, similar to ISO certification bodies. Given this shift it is likely to only work if it was enforced by Government. For the above reasons this stretch goal is unlikely to be achieved.

#2 THE EXPERT GUIDE

8.2 The Solution

Engaging an expert guide such as a seasoned Defence industry professional or consultant is recommended as a foundational business development strategy for SMEs entering the Australian defence sector. This approach ensures early guidance, targeted networking, and an accelerated understanding of the complex industry landscape. Engaging an expert guide for business development in the Australian defence industry is not merely advantageous it is increasingly seen as essential due to the sector's unique regulatory, operational, and competitive dynamics. This report explores the necessity, functions, sourcing, cost, implementation, and personal qualifications of expert guides within the defence industry context, providing a comprehensive perspective for SMEs seeking to enhance their business opportunities.

8.3 Importance

From our findings in the case studies and focus group, we know the defence business development is a challenge. Rules and requirements are strict and always changing. Building a strong reputation and the right relationships takes time, which many new players just don't have. While most businesses know how to grow in their own fields, the defence sector brings unique challenges think layers of security checks, special procurement processes, and unfamiliar government language.

Navigating the Australian defence industry requires specialist knowledge, for procurement processes, relationship management, and technical solutions. The industry's strict standards, complex contract environments, and high-stakes, risk-averse culture create barriers for SMEs that lack internal expertise or prior exposure. An expert guide bridges these gaps, supporting readiness for contract opportunities and helping businesses align with government priorities such as sovereign capability and secure supply chains. The strategic importance of expert guidance is accentuated by data indicating that up to 40% of companies pursuing defence contracts encounter significant compliance shortfalls, a situation that can exclude them from meaningful participation or expose them to substantial commercial risks (*Defence Industry Development Strategy*, 2024).

8.4 Who is this Expert, and Where do you find one?

SMEs looking to engage expert guides have multiple pathways for sourcing individuals or advisory teams suited to their needs. A government resource is the Office of Defence Industry Support (ODIS), which acts as the primary portal for business guidance, mentorship, networking opportunities, and regulatory advice tailored to newcomers and experienced suppliers alike. ODIS advisers bring extensive operational knowledge and are embedded within government procurement networks, enabling critical connections for SMEs.

Industry associations, such as the Australian Industry Group and the Australian Industry Defence Network (AIDN), offer directories of independent consultants and subject-matter experts, along with workshops and matchmaking events. Another option involves private consultancies specialising in defence and government business development. Many employ former Defence officials, procurement specialists, and seasoned experts to guide companies through the operational and relational complexities of the industry. Selecting the most suitable expert typically involves considering the SME's readiness level, focus, and preferred approach whether short-term consulting, project management, or longer-term strategic partnership.

Figure 5. ODIS Contact Information

There are also many additional organisation would support SMEs which are mentioned in recommendation number 3, Figure 8.

8.5 The ideal Expert Guide.

The optimal expert guide possesses a blend of technical acumen, essential for defence compliance, product or service alignment, and risk mitigation and interpersonal skills, which are critical for relationship-building, and stakeholder engagement. Some known essential skills that expert guides need are communication, networking, breadth of knowledge and negotiation.

While some guides lean more toward technical authority, especially in areas of cyber security, product certification. The ideal profile is not “chatty” for its own sake, but genuinely capable of translating complex regulatory and technical requirements into practical business terms, and advocating effectively for the SME’s interests in competitive or collaborative environments. People naturally gravitate towards someone who is authentic, respect and genuinely invested in supporting other over a purely transactional basis. Bringing these characteristics into defence builds and maintains strong relationships which can last through challenging processes. This expert can be ex-defence, defence professional, business development manager or a consultant who specialises in defence industry

8.6 The Financial Consideration.

The financial investment required to engage an expert guide varies depending on scope, duration, and depth of engagement and is something SMEs should consider carefully before engaging with a guide.

Hourly rates for defence sector consultants generally range from $100 to $300 per hour, with project-based fees spanning $5,000 to upwards of $50,000 for complex initiatives (Business Consultant Adelaide, 2024). Government resources like ODIS often provide no-fee, subsidised, or co-funded advisory support to eligible small businesses, reflecting public investment in the sector's growth and compliance standards. For SMEs seeking internal capacity, recruitment costs for roles such as Defence Business Development Manager are substantial, with typical salaries around $130,000 p.a. This reflects the specialist nature of the role and the commercial impact of securing and executing Defence contracts. Ultimately the cost must be seen as a strategic investment against the potential revenue from Defence procurement, which is often significant compared to commercial markets.

#3 STRATEGIC NETWORKING

To enhance business development opportunities in the Defence sector, companies should actively pursue strategic networking rather than relying on informal or ad-hoc connections.

Strategic networking involves deliberately building, managing and leveraging relationships with key stakeholders such as Defence primes, SMEs, government agencies, research organisations and end-users to achieve defined organisational goals. This aligns with scholarly recommendations that successful firms do not simply "participate" in networks, but instead manage them purposefully, based on trust, information-sharing and clear objectives (Eckenhofer, 2011). Additionally, firms that effectively utilised relationships with customers and stakeholders saw measurable growth, emphasising that networks must be used strategically, not just possessed (Obeng, 2019).

In the Defence industry context where procurement schedules are long, entry barriers are high, and trust and reputation strongly influence contract opportunities strategic networking enables SMEs and suppliers to:

- **Access information early** about upcoming tenders, capability gaps and Defence priorities.
- **Build credibility and visibility** with primes, Defence officials and industry bodies (e.g. ODIS, AIDN, CASG, Team Defence Australia).
- **Collaborate on solutions**, forming consortia or teaming arrangements to meet complex capability requirements.
- **Reduce risk and transaction costs**, as trust-based networks streamline coordination, compliance and stakeholder alignment.

However, research warns that networking is only effective when it is managed deliberately supported by internal capability, a proactive and innovative culture, and clear governance (Eggers et al., 2017). This means mapping key relationships, assigning responsibility, participating in industry events, measuring outcomes (new leads, partnerships, or project invitations) and aligning network-building to strategic goals.

8.3.1 Relationship Mapping

Relationship mapping is a structured process used to identify, visualise and analyse the key stakeholders that influence a business's ability to operate, collaborate and grow. Rather than treating networking as informal or incidental, relationship mapping enables SMEs to deliberately chart their most important relationships, understand their level of influence and interest, and identify where new or stronger connections are required to enhance business development opportunities.

In the context of the Australian Defence industry, where contracting pathways are complex and success depends on trust, reputation and alignment with capability needs, relationship mapping provides SMEs with strategic clarity. It helps answer who the key individuals and organisations are the can include company success; what are level of influence and interest over projects; and how to prioritise resources and time to build strategic networks.

How the Map Helps	Why it Matters for SMEs
1. Identify who to build relationships with	Strategic networking requires knowing *which* stakeholders matter. Mapping helps SMEs identify key players (Primes, Government, suppliers, SMEs, associations) rather than networking blindly.
2. Prioritises effort based on influence and interest	Not every stakeholder has the same impact. Your map already shows influence/interest levels (e.g. high influence from Primes, low interest from Government early on). This helps SMEs focus time and resources where it will make the most impact.
3. Reveals relationship gaps and missed opportunities	Mapping makes it obvious when an SME has no contact with a Prime, OEM, industry body or decision-maker showing where new networking is required to grow.
4. Strengthens collaboration and teaming strategies	Defence contracts often require joint delivery. Mapping shows potential partner SMEs, suppliers or associations to team with instead of trying to find partners at the last minute during tender submissions.
5. Enhances reputation and trust	Strategic networking is built on credibility. By understanding who influences whom in the network, SMEs can build relationships with connectors, advocates and sponsors who can speak for them.

6. Aligns with strategic goals and business development planning	Relationship mapping connects networking activities to actual business goals winning contracts, accessing grants, entering supply chains or improving technical capability.

Figure 6. Relationship Mapping Justification

As demonstrated in the relationship map developed for this report the SME is positioned at the centre, with connections extending to five core stakeholder groups:

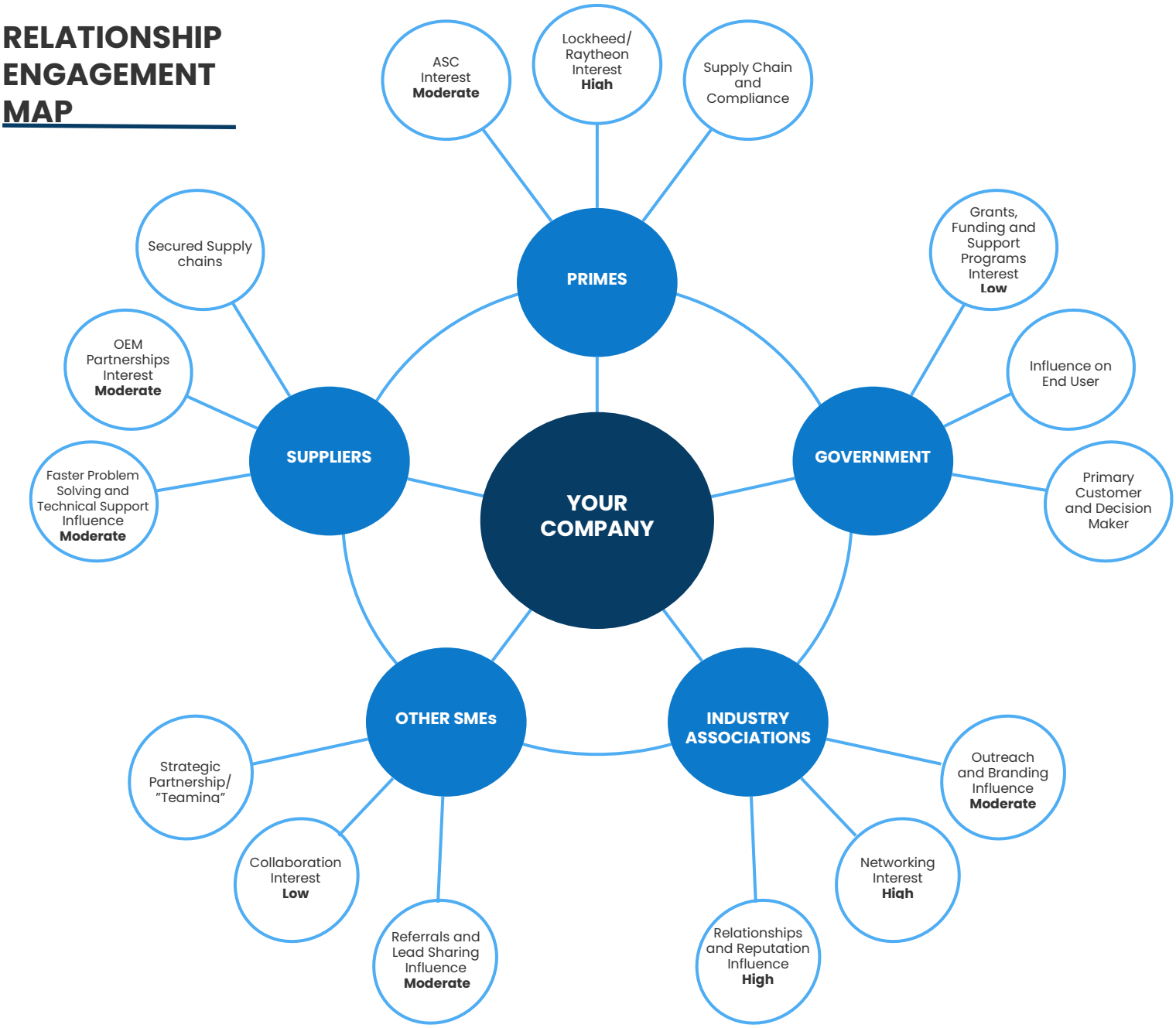


Figure 7. Example of a relationship map.

8.3.2 Attending Defence Conferences

Attending Defence industry conferences is one of the most effective practical methods for SMEs to engage in strategic networking. These events provide direct access to Primes, SMEs, Defence personnel, government agencies, research organisations and global supply chain partners, making them a critical platform for building visibility and forming relationships that support business development (Obeng, 2019).

Defence conferences in Australia typically run every one to two years, often alternating focus and host cities. Key events include:

- **Indo Pacific International Maritime Exposition** (Sydney) – Naval and maritime technologies.
- **Land Forces** (location changes, Perth 2026) – Army, land systems and defence land capability.
- **Avalon Airshow** (Melbourne) – Aerospace, aviation and space technology.
- **Indian Ocean Defence and Security Conference** (IODS, Perth) – Maritime security, regional cooperation, sovereign capability.
- **Submarine Institute of Australia** (SIA) Conference (location changes, Adelaide 2026) – Submarine programs, AUKUS, undersea technologies.

Most conferences offer free general registration, which enables SMEs to participate without bearing the high cost of their own trade stand. SMEs do not require their own exhibition stand to benefit. While a stand may improve brand recognition, meaningful networking, relationship building and lead generation can still occur through attendance alone. More cost-effective options include:

- Joining a state or government stand “pod” rather than funding a full booth independently (e.g. Defence SA, Defence West, Defence NSW etc).
- Attending conference networking events, seminars, capability briefings and workshops rather than focusing solely on static displays.
- Targeting local-state conferences if budget limits travel – e.g. an SME in WA can attend IODS or Henderson Alliance events without interstate costs.

SMEs need to bring a select delegation to attend these conferences. To maximise conference outcomes, SMEs should carefully select their delegation rather than sending staff informally. If an SME has a stand or is part of a state pod, it is recommended that 1–2 team members staff the stand while another actively walks the floor, engages with industry, attends presentations and directs key stakeholders back to the stand or meeting points. A recommended structure includes:

Business Development Manager/Lead

Technical Expert

Operations or Project Representative

The value of attending these conferences increases significantly with preparation and follow-up. Prior to the event, businesses should research attendees, request meetings, prepare capability statements and plan which presentations or briefings to attend. During the event, informal conversations, conference workshops and networking functions are just as important as formal meetings. After the conference, timely follow-up (ideally within 48 to 72 hours), is essential to convert conversations into real business opportunities.

Ultimately, Defence conferences support strategic networking by allowing SMEs to position themselves within the broader defence ecosystem, gain early insight into upcoming procurement opportunities, build trust with primes and defence officials, and form teaming arrangements with other SMEs or suppliers. In an industry where long sales cycles, high entry barriers and strong compliance requirements can make it difficult for smaller companies to be noticed, being physically present at these events helps SMEs move from being “unknown” to being “trusted and considered”.

Industry Organisations

Industry forums and professional associations provide SMEs with ongoing, structured opportunities to build networks, increase visibility and stay informed about Defence capability needs. Unlike large conferences, these forums occur more regularly and often focus on niche areas of Defence, making them accessible and valuable for SMEs aiming to grow their presence in the sector.

These organisations exist to strengthen industry collaboration, connect Defence suppliers with primes and government agencies, and support capability development across the SME sector. They regularly host networking events, briefings, workshops, panel discussions and member-exclusive forums. Participation enables SMEs to remain engaged with Defence industry developments, gain early insight into upcoming opportunities and build trust-based relationships with key stakeholders.

These organisations host many networking opportunities which are particularly valuable for a few reasons:

- Regular attendance ensures your company is seen, remembered and associated with professionalism and reliability. Through member-hosted nights (common in AIDN, DIN and HA), SMEs can present their business, products or services directly to primes, industry peers and government representatives.
- Networking events enable SMEs to engage directly with primes, OEMs, Defence personnel and other SMEs in informal settings, helping build trust and rapport, critical factors in contracting decisions.
- Becoming a formal member often provides additional value including priority access to events, invitations to closed-door briefings, branding on websites or directories, and opportunities to host or speak at events, showcasing capability to targeted audiences.
- Forums are a pathway for SMEs to meet potential subcontractors, teaming partners or consortium members when bidding for Defence work. This aligns with Defence's increased focus on collaborative delivery and sovereign capability building.

A list of defence industry organisations:

Organisation	Location	Purpose & Benefit	Website
Australian Industry & Defence Network (AIDN)	National	Represents SMEs across all states. Hosts networking nights, industry briefings, policy updates, capability showcases and members-only introductions to primes and Defence representatives.	https://aidn.org.au/
Henderson Alliance (HA)	WA	SME-led Defence industry group. Affordable membership and highly collaborative. Provides market intelligence, supply chain engagement, opportunities to join consortium bids and networking with Primes and Defence West.	https://www.hendersonalliance.org.au/
Defence Teaming Centre (DTC)	SA	Focuses on industry collaboration, export readiness and SME capability development. Hosts workshops, training sessions, Defence industry roundtables and teaming forums.	https://dtc.org.au/
Defence Industry Networking (DIN)	National	Informal networking platform for Defence professionals, SMEs and suppliers. Regular casual meetups in most capital cities to facilitate relationship-building.	https://www.defenceindustrynetworking.com/
Women in Defence Association (WiDA)	WA, SA, QLD, NSW & ACT	Supports diversity and inclusion while creating professional networking events, mentoring programs and Defence industry engagement opportunities.	https://www.womenindefenceassociation.org/
Other State-Based Groups	e.g. Defence West, Defence SA, Defence NSW	State government-led bodies that host supply chain briefings, grant information sessions and industry networking events.	

Figure 8. Defence Industry Organisation Table

#4 CAPABILITY MAP

The development of a national Capability Map is recommended to strengthen visibility and strategic coordination within the Australian Defence Industry. A Capability Map would enable the systematic identification of existing industrial capabilities, the organisations currently fulfilling them, and the discovery of emerging areas of expertise. Through this initiative, a comprehensive understanding of the national defence industrial landscape could be achieved, facilitating the identification of capability gaps and opportunities for targeted growth.

An interactive, hierarchical mapping system is proposed that allows users to navigate through categories, exploring interdependencies between technologies, products, and services. The visual and interactive nature of the map would allow users to drill down into specific domains and trace the connections between industries that collectively support defence capability outcomes. A small-scale prototype of a capability map is presented in Figure 9. The capabilities and companies depicted are illustrative in nature and are intended for indicative purposes only. The example presents a single level of drill-down, however, the national capability map would incorporate a substantially greater number of capabilities and multiple hierarchical levels of drill-down for comprehensive exploration.

The Capability Map would serve multiple strategic purposes. Defence industry participants would be able to identify areas where their strengths align with capability needs, enabling them to focus their investments and expertise to build competitive niches. Similarly, the Department of Defence and major primes could utilise the map to inform procurement planning, assess industrial readiness, and foster collaboration among complementary suppliers.

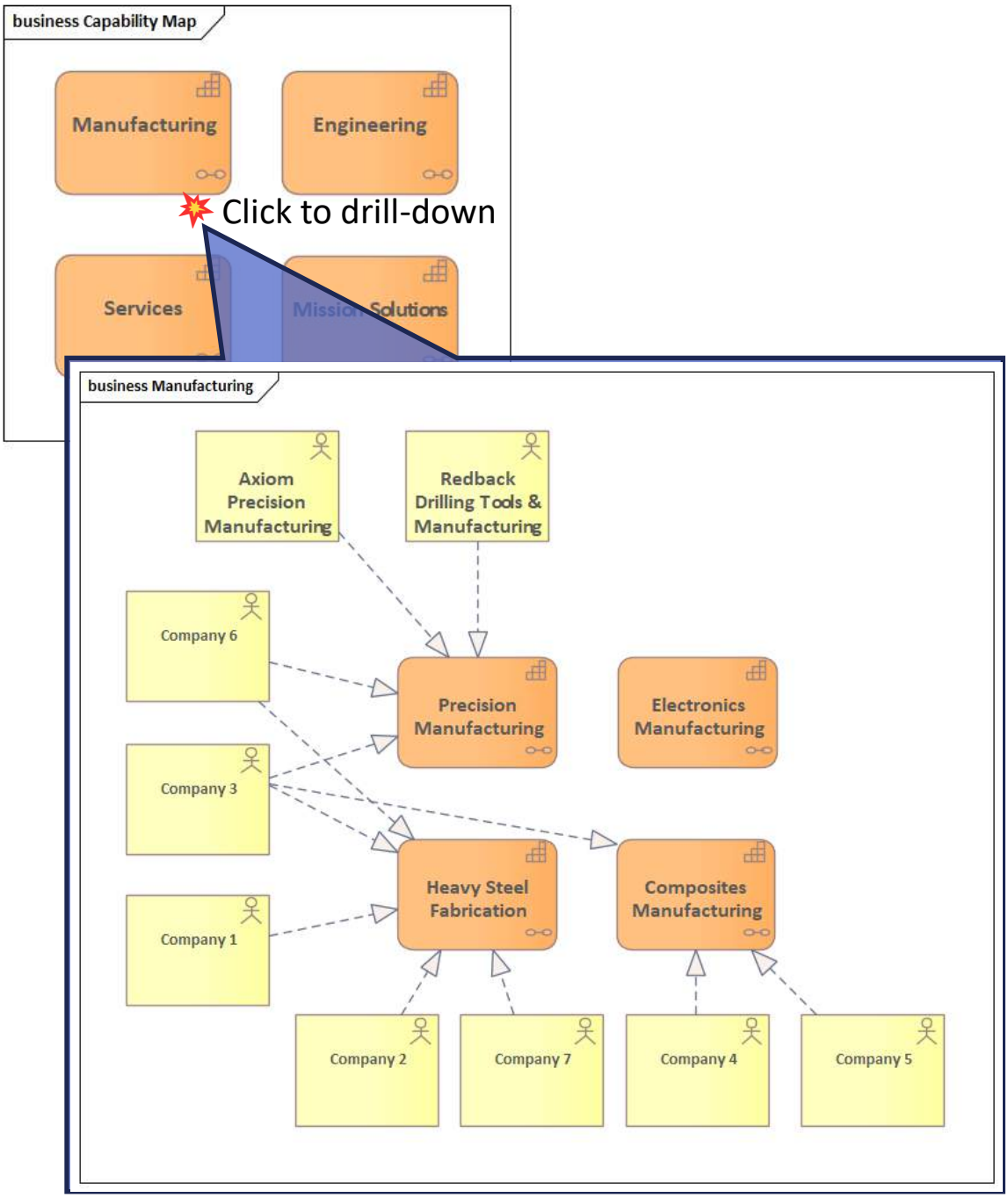


Figure 9: Capability Map example

This recommendation was developed by extending and integrating concepts derived from the *Capability Matrix* and the *Defence Industry Guide* (see section 3.7). The proposed system advances beyond these existing models by incorporating nation-wide dataset, searchable and discoverable. It is recommended that the Capability Map be managed and maintained by the Office of Defence Industry Support (ODIS) to ensure accuracy, impartiality, and alignment with national defence priorities. Defence Industry organisations and relevant government departments within Defence would be granted the ability to

update capabilities and the companies associated with those capabilities. ODIS would retain overall approval authority for such changes, with the capacity to review, approve, or revert modifications. This governance model would ensure both flexibility for timely updates and control to maintain data integrity and consistency. By implementing this initiative, a more transparent, connected, and strategically informed Australian Defence Industry ecosystem could be established, supporting sovereign capability development and long-term resilience.

9. CONCLUSION

This paper has examined the systemic and practical challenges facing small and medium-sized enterprises (SMEs) entering and developing within Australia's defence industry. Drawing on literature, focus group insights, and detailed case studies, the research offers both a diagnosis of existing barriers and actionable recommendations for advancing business development outcomes. The key findings from the focus group and case studies, along with carefully formulated recommendations, are central to creating a more agile, networked, and competitive defence industry for SMEs.

9.1 Key Findings

The Focus Group

The focus group, comprising 22 business development professionals from SMEs, mid-tier firms, and prime contractors, illuminated significant structural hurdles hindering efficient Defence sector engagement. Chief among these were:

- Limited Visibility of Opportunities: Respondents consistently noted the lack of a clear, accessible roadmap for upcoming Defence projects. Current information systems do not adequately convey program intent or readiness, hampering SMEs' ability to plan and allocate resources effectively.
- Procurement Complexity and Lack of Standardisation: The Defence tendering environment is marked by lengthy, inconsistent processes, frequent variations in documentation, and non-standardised compliance requirements. This not only increases costs but also delays participation and discourages smaller firms from competing.
- Distinct Skills and Knowledge Requirements: Success in Defence business development demands expertise well beyond that required in commercial sectors. SMEs grappled with unfamiliar terminology, approval processes, and long engagement cycles unique to Defence.
- Access Barriers: Decision-makers are shielded by layers of gatekeepers. SMEs struggle to reach those who shape requirements, creating further barriers to entry.

Nevertheless, participants identified several industry practices that, when present, fuelled more successful SME engagement, early and structured engagement with Defence customers, proactive relationship-building, and meaningful participation in Defence events and forums.

Case Studies

The two case studies, Redback and Axiom provided a clear understanding of business development journeys in the Defence sector:

- Redback leveraged expert guidance and targeted networking to rapidly understand Defence requirements and navigate the onboarding process with major suppliers. The support of a seasoned business development consultant and key contacts with prior Defence experience were pivotal, particularly in interpreting certification standards and meeting compliance requirements. Redback's journey highlighted enduring challenges: showing compliance equivalence, managing resource-intensive procurement processes, and withstanding the extended ROI timelines characteristic of Defence contracts. Notably, Redback's success owed much to its strategic networking, targeted pursuit of key Defence events, and openness to collaboration.

- Axiom's success was underpinned by strategic foresight, investing early in flexible facilities, building targeted industry networks, and establishing a reputation for reliability and precision. Commitment to understanding their niche, contracting experienced business development talent, and forming long-term supplier relationships differentiated Axiom in the sector. Their approach demonstrated that sustained internal innovation, reputation-building, and proactive alliance formation can progressively overcome sectoral barriers.

Both cases showed common themes: the importance of persistence, taking calculated risks, and building strong trust with partners, including both established players and competitors. They also emphasised the need to continuously adapt to Defence procurement processes and the benefits of having a deep understanding of the Defence sector.

9.2 Recommendations

The analysis led to several evidence-based recommendations to improve SME engagement and business development in the Defence sector:

1. <u>Linking Certification and Tendering Tools</u>

Integrating SME certification records (like DISP, ISO) with Defence tendering portals will make it easier for businesses to match their credentials with bid requirements and identify gaps automatically. This reduces duplicate effort and speeds up compliance checks, helping SMEs compete for contracts more efficiently.

2. Expert Guide

- SMEs are advised to enlist the support of Defence industry experts either in-house or external consultants, who can accelerate understanding of unique regulatory, technical, and relational challenges. This investment pays dividends by reducing avoidable missteps, guiding compliance, honing value propositions, and unlocking access to key networks.
- Government advisory resources such as the Office of Defence Industry Support (ODIS) provide a valuable, often subsidised, pathway to expert support.

3. Strategic Networking

- SMEs should engage in targeted rather than indiscriminate networking. Identify key stakeholders (primes, government, suppliers) and invest in building relationships with the highest potential impact.
- Relationship mapping is crucial: SMEs should visualise their networks, assign responsibility for building key relationships, and measure outcomes such as new leads or partnerships generated. This ensures networking remains purposeful and strategic rather than ad hoc.
- Participation in industry forums, Defence conferences, and sectoral associations like Defence Teaming Centre (DTC) and Australian Industry & Defence Network (AIDN) should be prioritised for visibility and access to decision-makers.

4. Capability Map

A national, interactive Capability Map would catalogue and display the skills, certifications, and track records of Australian defence suppliers. This tool helps Defence and industry quickly find appropriate partners, target investments, and plan smarter procurement strategies, making sector engagement more strategic and transparent.

9.3 Concluding Remarks

In summary, this research demonstrates that successful SME entry into Defence is possible, but only with rigorous preparation, persistent networking, specialist guidance, and strategic patience. The significance of enhancing business development, aligning organisational capabilities, and forging trusted relationships cannot be overstated: these are not mere commercial necessities, but direct contributors to Australia's

ability to innovate and deliver Defence capability efficiently. The combination of expert guidance, deliberate and mapped relationship-building, streamlined procurement, and investment in dedicated business development acumen can substantially reduce time to capability and open new opportunities for innovation. Implementing these recommendations will not only enhance SMEs' growth prospects but also help secure a more resilient, sovereign Defence capability base aligned with Australia's strategic goals.

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13. APPENDIX A – FOCUS GROUP RESULTS

The following graphs are taken from the focus group which have been used to make inferences and assumptions of the current issues and positives of business development in Defence.

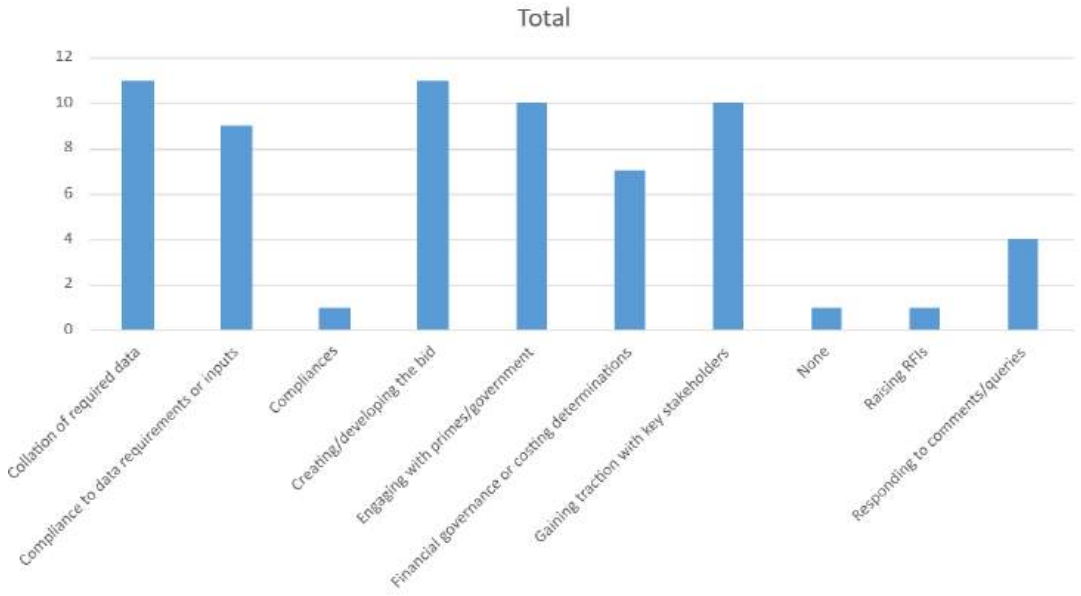

Figure 10: What Areas of Tendering and Bids Have Been the Most Time Consuming

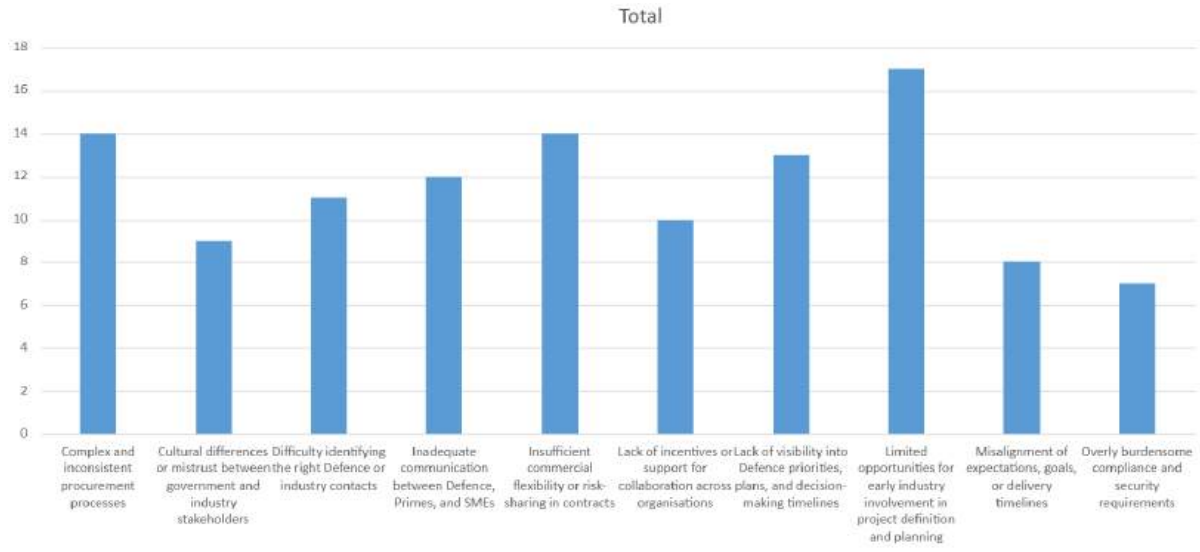

Figure 11: Barriers That Prevent Efficient Engagement and Collaboration

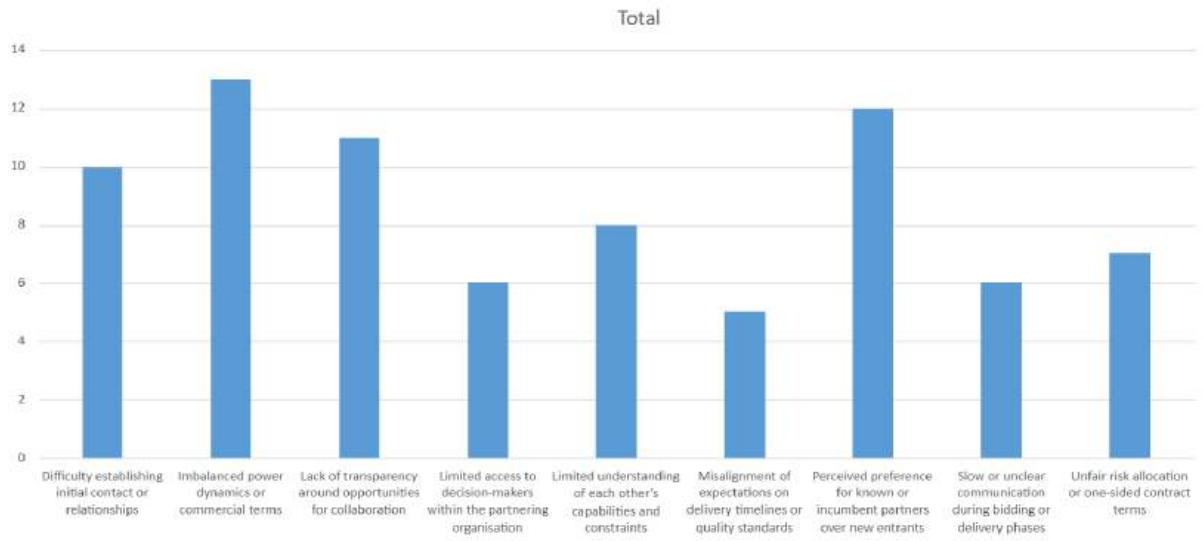

Figure 12: Challenges Faced When Engaging other SMEs/Primes

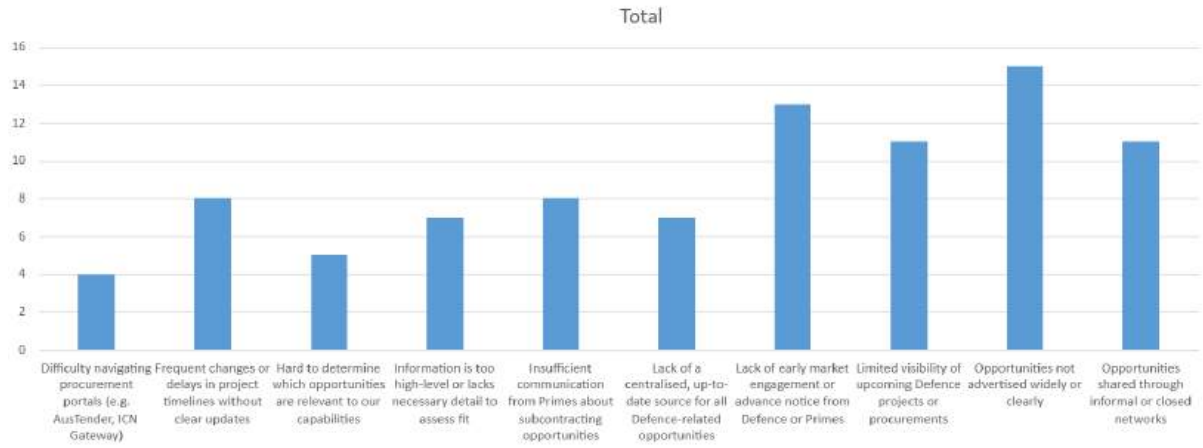

Figure 13: Challenges Relating to Identification of Opportunities

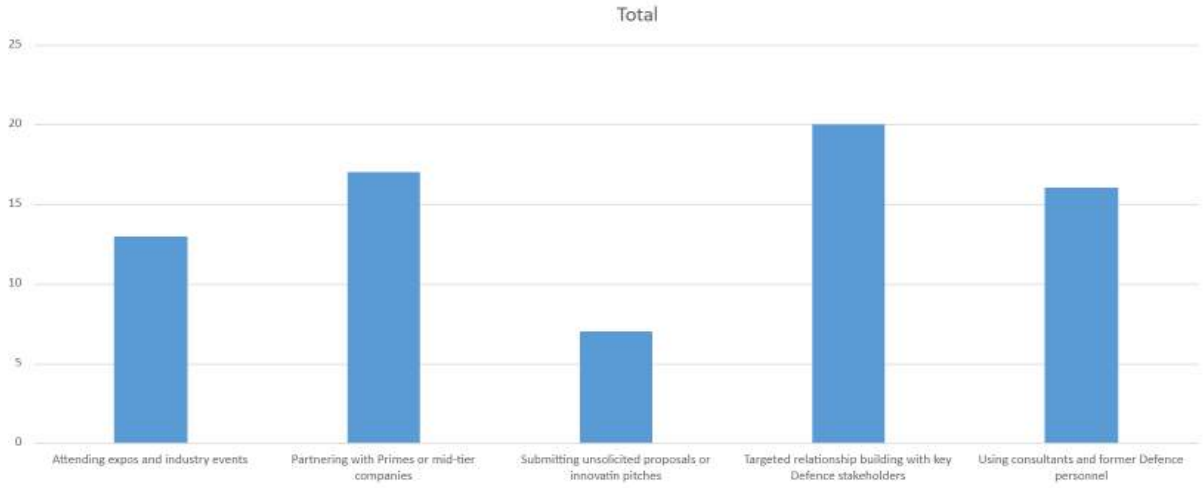

Figure 14: Successful Methods/Approaches for Defence Ventures

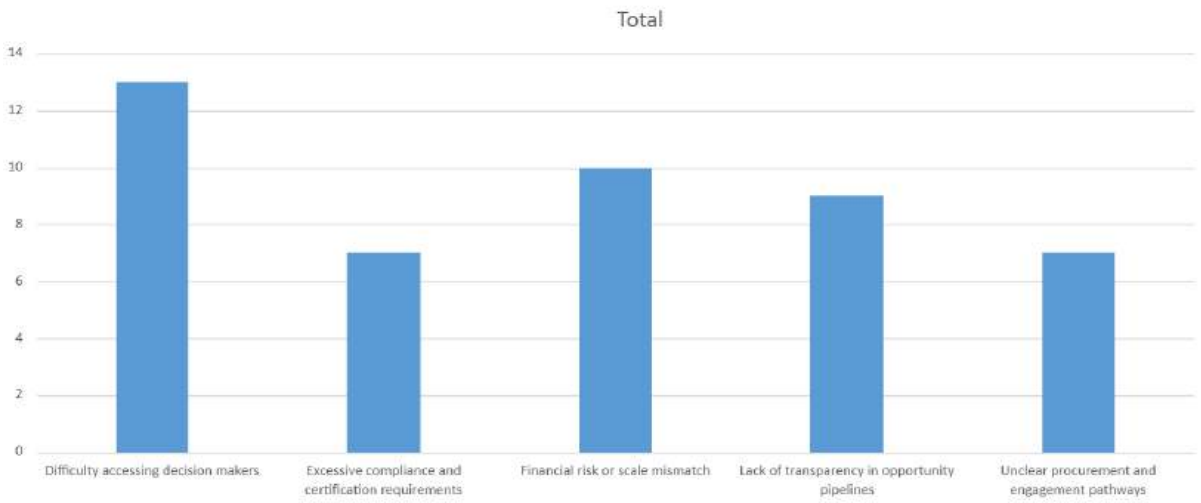

Figure 15: Greatest Barriers for Submitting Tenders in Defence

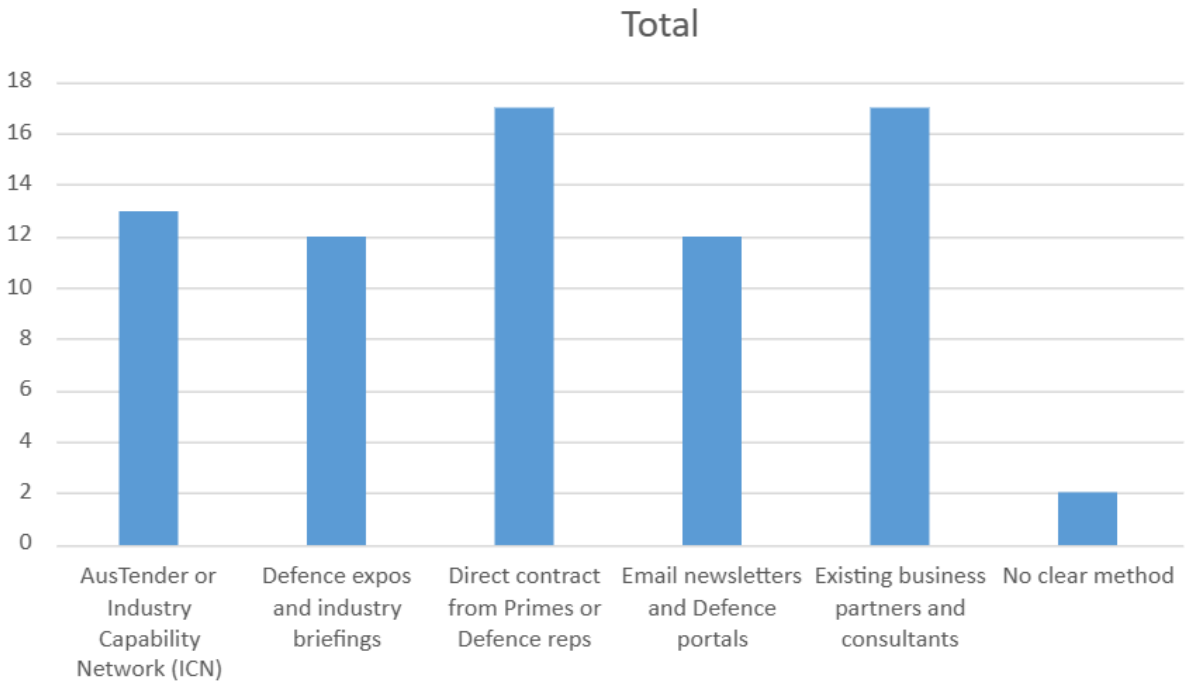

Figure 16: How Opportunities are Discovered