



DC3 Presentation

MICHIGAN DEFENSE CONTRACT
COORDINATION CENTER

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Director Defense Contract Coordination Center (DC3)

9 -10 November, 2010

MICHIGAN
Economic Development
Corporation

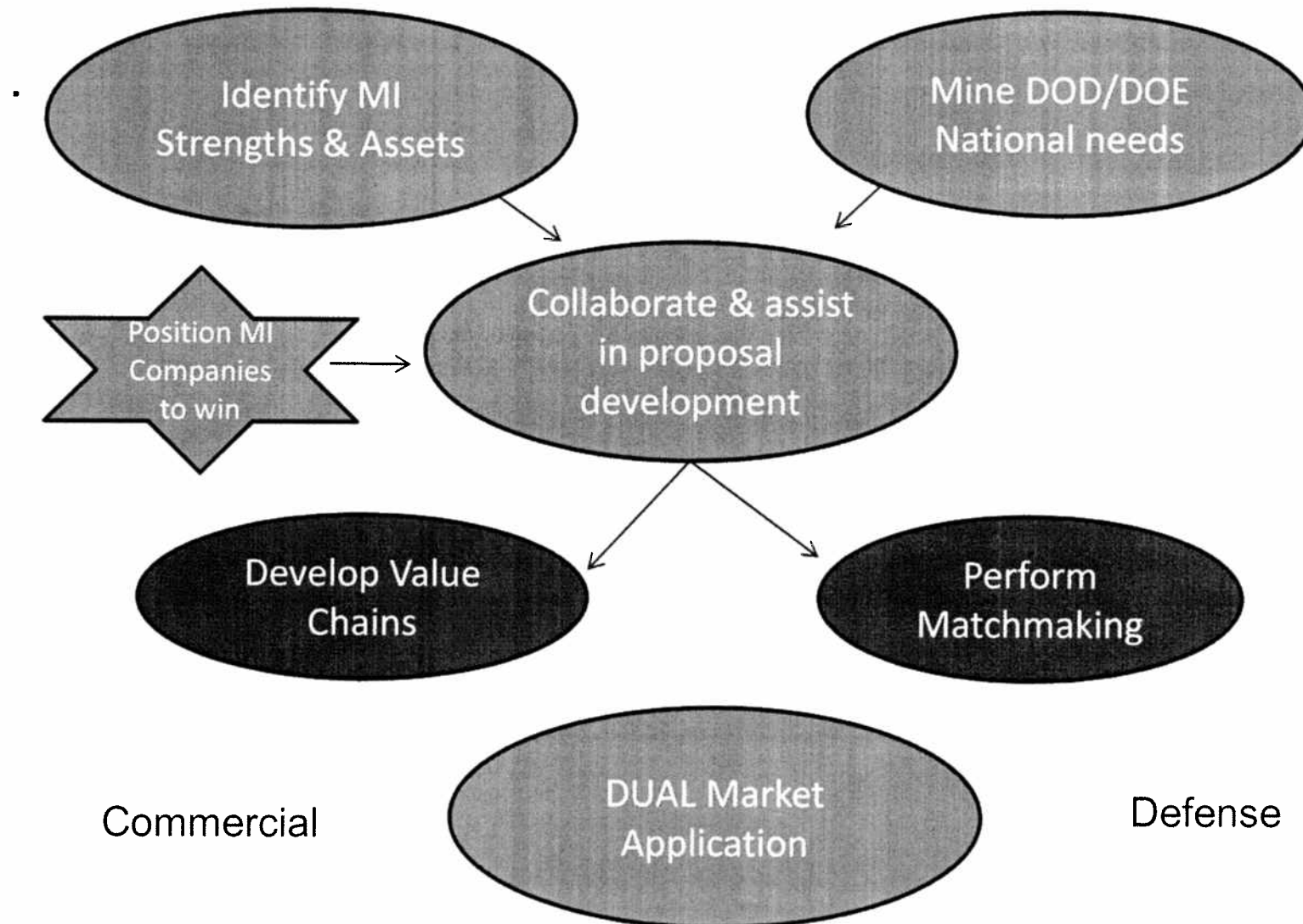
Return on Investment

PRIOR TO DC3 INCEPTION		POST DC3 INCEPTION	
PTAC PROGRAM		PTAC PROGRAM	
2005	\$246.2M	2008	\$760.7M
2006	\$343.9M	2009	\$645.8M
2007	\$315.5M	2010	\$805.4M*
TOTAL DOD SPEND IN MI		TOTAL DOD SPEND IN MI	
2005	\$4.0B	2008	\$5.9B
2006	\$3.9B	2009	\$5.3B
2007	\$5.3B	2010	-----

During DC3's administration, the PTAC program has yielded \$2.2B in contracts reported vs. \$906M during the period FY'05-'07

During DC3's administration total DOD spend in MI during has averaged \$5.6B annually vs. \$4.4B during the period FY'05-'07

MEDC's Diversification Methodology



Targeted Industry Sectors

- ▶ Targeted industries
- ▶ Potential for significant growth
- ▶ Leverage state strengths
- ▶ Generally not mature
- ▶ Gap exists – requires economic assistance

- 1. Advanced Energy Storage**
- 2. Solar/Photovoltaic**
- 3. Wind Turbine Mfg.**
- 4. Bioenergy**
- 5. Advanced Materials & Manufacturing**
- 6. Defense**

Advanced Energy Storage Strategy



- ▶ Seed MI marketplace with key battery technology players (Centers of Energy Excellence) – be first to market in projected \$20 Billion North American marketplace by 2020.
 - Completed
- ▶ Develop incentives to attract key anchor/magnet companies to spur value chain growth (Battery Cell/Pack/R&D Credits)
 - Completed
- ▶ Develop tools to provide incentives for anchor companies to assist in growing the entire value chain in MI (Anchor Credits)
 - Completed
- ▶ Develop incentives that the DOE would recognize as cost share in Federal funding opportunities
 - Completed
- ▶ Assist OEMs in offsetting the incremental cost of vehicle electrification
 - Completed
- ▶ Expose battery companies to market opportunities in grid stability, defense and renewable energy sectors (Alliance Model)
 - Ongoing

Michigan AES Companies Leveraging Defense Market





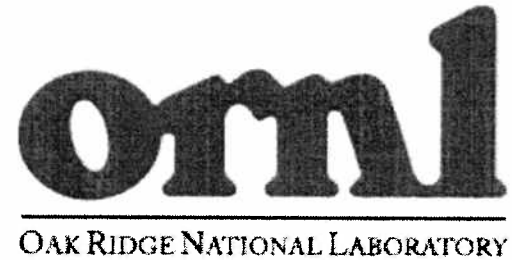
- ▶ Focus phase 1 efforts on Low Cost Carbon Fiber (Critical National Need for DOD and DOE)
- ▶ Identify Michigan strengths within LCCF value chain – The Dow Chemical Company
- ▶ Integrate Michigan approach into Oak Ridge Carbon Fiber Technology Center.
- ▶ Seed MI marketplace with Low Cost Carbon Fiber Manufacturing capability – be first in commercial LCCF production in projected \$19 Billion marketplace by 2015
- ▶ Tie LCCF facility into projects in Wind, Vehicle Technologies, and defense

MI Cos. Leveraging LCCF in Defense Market





Michigan's Alliance - \$27 M Initiative



Proposal Development & Matchmaking Services



- ▶ Procurement and Technical Assistance Centers, 12 Regional locations across the state
 - Boosted PTAC funding
 - 1,127 new companies and \$550 M in contracts achieved by end of third quarter FY-10, \$650 M total for FY-09
 - MEDC Diversification Program provided PTAC resources to educate our small and medium businesses in defense; 59 companies

- ▶ 4 DCCC Outreach Team

- ▶ Littoral Combat Ship built by Lockheed-Marquette team
 - 10 ship contract signed 3 Nov will create 3,000 MI jobs
 - Full MI/WI Governor's and Congressional delegation support
 - Congressional approval pending; Navy strategy buying from both Lockheed-Marquette and Austal for 20 total ships
 - Navy total inventory objective is 55 ships

“This great news would not have been possible if not for the hard work of Colonel Braden and the DC3.”

*Greg Main
President & CEO
MEDC*

Other success stories



Focus – current bids



- ▶ **KC-X Tanker, Boeing bid submitted on 9 July**
 - Create 450 additional jobs, \$25M /yr economic impact from project – Helping win with Governor letter and support
 - Currently Boeing uses 280 MI companies in the supply chain – Identifying additional companies for effort

Future Efforts

- ▶ **HMMWV Reset**
 - 60,000 remanufactured HMMWVs with new “encapsulated” body
 - RFP to be released in FY-11 – building strategy win companies

- ▶ **Ground Combat Vehicle**

- ▶ **Joint Light Tactical Vehicle**

- ▶ **Joint Strike Fighter**

Budget through FY2010



Funding:

- Initial allocation at formation of the DC3 (FY06-10) \$10,000,000
 - *Activity did not begin until mid-2007*

Expenses:

- Actual cumulative through FY2009 \$ 6,300,000
 - Actual FY2010 \$ 3,700,000*
- Total* \$10,000,000

*one time cost of \$200k for Defense Directory

Budget for FY2011



Funding:

- Allocation request for FY2011 \$ 2,000,000
- Potential additional request for FY2011 \$ 1,500,000
(if funding becomes available)

Total \$ 3,500,000