

PUBLIC AIC STRATEGY - NAVAL GROUP

FUTURE SUBMARINE PROGRAM

Company Details

Naval Group
40-42 Rue du Docteur Finlay
75015 Paris, FRANCE
<https://www.naval-group.com>

Executive Summary

The Future Submarine Program (FSP) is Australia's largest ever defence program and is critical to Australia's national security for the next five decades. Naval Group was selected by the Commonwealth of Australia as its international partner to be the Platform System Integrator to deliver a regionally superior and sovereign submarine capability to the Royal Australian Navy.

The Government of Australia has decided that all twelve Future Submarines (FSMs) will be built in Australia, with procurement of equipment and services to utilise, to the maximum extent possible, Australian Industry. Capability transfer from Naval Group's European expertise and supply chain will occur to ensure not only a maximised Australian build but also the establishment of a sovereign capability to operate and sustain the future submarine.

The objective of the Australian Industry Program (AIP) for the FSP is to:

- develop and utilise Australian industry in performance of the FSP in a manner consistent with achieving Sovereignty; and
- maximise opportunities for the involvement of the Australian industry through all phases of the FSP, without unduly compromising the Commonwealth's requirements relating to capability, cost and schedule.

This AIC Strategy sets out Naval Groups strategic approach to meeting the FSP Objectives, as they apply to Australian industry, across all Program Contracts for the FSP. The AIC Strategy is intended to be an enduring document, updated from time-to-time, as and when required. The AIC Plan covers the specific activities of the AIP and will be developed for each core work scope. The Public AIC Plan outlines the responsibilities of Naval Group in the development of AIC for the FSP, providing information on major equipment systems and services to be provided, identifying respective work packages, as well as training and initiatives available to Australian Industry.

The scope of the activities to be undertaken relate to the Industry Requirement for the Sovereign Industrial Capability Priority for the Continuous Shipbuilding Program (including rolling submarine acquisition).

Naval Group in France will be supported in the execution of the AIC Strategy and AIC Plan by its subsidiary, Naval Group Australia, headquartered in Adelaide. Naval Group Australia will develop the capability to support design activities in preparation for becoming the Design Authority for sustainment, undertake build, integrate and test the FSM, support the development of capability in the broader Australian industry base, including establishing and maintaining a sustainable Australian supply chain. Naval Group Australia will be the recipient of transfer of technology (know-how and know-why) from Naval Group.

Naval Group's AIC Strategy incorporates:

- collaboration with the CoA on the development and delivery of the FSP Objectives;
- using a tailored procurement process including;
 - CoA engagement throughout the process of selecting suppliers;
 - consideration of AIC options in the evaluation and selection of suppliers;
 - increased emphasis on, and resource investment in, upstream procurement activities to identify capability; and
 - requiring supplier commitment to achieving the FSP Objectives, through their own AIC plans.
- industry development and sustainment initiatives;
- a comprehensive transfer of technology program; and
- an industrial information campaign raising awareness of the opportunities for Australian industry.

Scope of Future Work Opportunities

Opportunities exist for Australian industry as follows:

- participation in planning and design activities (including preliminary, concept and detailed design) to develop facilities and infrastructure for the build, test and integration of the FSM and associated systems; and
- provision of equipment and services across the Program. These will be progressively communicated to Australian industry via Naval Group's Public AIC Plan. Initially, Naval Group will be focussed on identifying Australian Industry Capability for Critical and Main equipment as defined in the Public AIC Plan. These will be publicised on the Industry Capability Network (ICN) from time to time.

These opportunities for industry may be as a direct supplier to Naval Group or as a supply chain participant engaged by one of Naval Group's own suppliers.

Future Opportunities Industry Engagement

Naval Group encourages suppliers interested in becoming a part of the Future Submarine Program to:

- register their interest on the Industry Capability Network (ICN); and
- attend Industry Briefings relating to the Program.

Suppliers provide their general registrations of interest in the Program via:
<https://navalgroupfuturesubmarine.icn.org.au/>

This general registration of interest against procurement families and sub-families forms the database for a wide breadth of goods and services required for the Future Submarine.

In addition to the general registrations of interest, Naval Group will utilise ICN for seeking expressions of interest against specific equipment, goods and services.

Suppliers may be asked to participate in some or all of the following activities as part of Naval Group's approach to identifying Australian Industry capabilities:

- submission of information about the company's business, its systems and processes as well as its capabilities;
- pre-qualification, which may include a site visit and preliminary technical and quality audit;

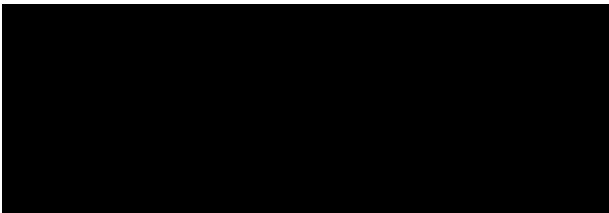
- qualification, which may include a subsequent full technical and quality audit as well as product compliance tests.

Communicating with industry about upcoming opportunities will be multi-faceted and include the following communication avenues:

- ICN;
- Naval Group Australia website;
- Naval Group Industry and Innovation portal;
- Industry briefings;

Pascal Le Roy

Director Sovereignty and Procurement
Naval Group



6 January 2020

PUBLIC AIC PLAN - NAVAL GROUP
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Executive Summary

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The Government of Australia has decided that all twelve Future Submarines (FSMs) will be built in Australia, with procurement of equipment and services to utilise, to the maximum extent possible, Australian Industry. Capability transfer from Naval Group's European expertise and supply chain will occur to ensure not only a maximised Australian build but also the establishment of a sovereign capability to operate and sustain the future submarine.

The objective of the Australian Industry Program (AIP) for the FSP is to:

- develop and utilise Australian industry in performance of the FSP in a manner consistent with achieving Sovereignty; and
- maximise opportunities for the involvement of the Australian industry through all phases of the FSP, without unduly compromising the Commonwealth's requirements relating to capability, cost and schedule.

This public Australian Industry Capability (AIC) Plan for the Submarine Design Contract (SDC) outlines the responsibilities and commitments of Naval Group in the development of AIC for the FSP. This public AIC Plan flows directly from the Australian Industry Capability Strategy that describes Naval Group's strategic approach to achieving the FSP objectives, as they apply to Australian industry, across all Program Contracts for the FSP.

The Submarine Design Contract encompasses:

- Progressing the design of the FSM, including establishing requirements and progression of the design of Platform Systems, subsystems and equipment;
- Progressing the design of the embarked support system;
- Progressing the development and implementation of the required sovereign capabilities within Defence and Australian Industry;
- Progressing the design and development of the Submarine Construction Yard; and
- Initiate and/or perform the procurement of long lead items required for FSP, including in relation to design, build, test and integration of the FSM.

The current scope of activities relate to the strategic Industry Requirement for the Sovereign Industrial Capability Priorities of a Continuous Shipbuilding Program (including rolling submarine acquisition).

The Total Contract Value (\$804.8m) for the SDC is dependent on evolving project phases and associated contracts. The Estimated Total Australian Contract Expenditure value is \$146.6m with a duration of approximately 21 months for the current phase. The estimated Local Industry Activity is currently \$116.5m.

Naval Group, as the prime contractor, will be supported in these activities during the Submarine Design Contract by its fully-owned subsidiary, Naval Group Australia. Naval Group Australia will engage with Australian Industry in the execution of the procurement of the equipment and services listed within this Public AIC Plan.

Scope of Future Work Opportunities

The Submarine Design Contract current phase is focussed on:

- The development of Australian Steel, specifically the production, qualification and external testing;
- The identification and qualification of FSP Standard Equipment and Main and Critical equipment. This qualification entails verifying supplier performance to Naval Group SA standards;
- The identification, qualification and procurement of infrastructure machinery, equipment and tooling for submarine construction;
- The identification, selection and prequalification of suppliers to manufacture Contractor Designed Equipment;
- The identification, qualification and engagement of suppliers to provide Engineering Services and to conduct testing activities relating to Standard Equipment and Critical and Main Equipment; and
- Design Studies for the Main Storage Battery, needed to support the timelines for the Platform Land-based test facility. The design studies are envisaged in two stages.

Naval Group Australia will be focused on identifying and developing Australian industry capability for the equipment, goods and services listed in Table 1 below. The range of opportunities for equipment, goods and services will continue to evolve and develop as the Program progresses beyond the current phase.

Category: Critical and Main Equipment		
Hydraulic Pumps	Static Convertors & Uninterrupted Power Supply (UPS) + Emergency Power Supply (EPS)	Exhaust Valves
Flexible Coupling	Air Purification unit	Chillers
Anti-vibration Mounts	Secondary switchboard	Electric Motors Standard
Variable Frequency Invertors 400V (Drives)	Resistant bulkhead penetrators	Shore supply penetrators
HP Air Compressors	Weight regulating pump	Seawater cooling pumps

Category: Critical and Main Equipment		
Hydraulic Accumulators	HP Air Cylinders	Ventilation Valves Battery Room
Ventilation Valves Resistant Bulkhead	HP Ball joints and Socket Hoses	Steering System Servovalves
Water Fog/ Mist System	Osmosis Plant	Gas Analysers
Fans	Oxygen Candles	Life rafts
Amplifiers (previous Degaussing Syst)	Fuel Filters & Fuel/Water Separators	Waste Compactor
Auxiliary Propulsion System (APU)	Windlass	Capstans
Bilge, compensation and Trim pumps	Grease production unit	Deoiling system
Mast cooling module	Regulated water heat exchanger	Hydrophore Group
Acoustic Pinger, Releasable Buoy & Command / Control Unit (Alert & Localise System)	Rescue buoy	Fire Detection Station
Galley equipment	Seawater cooling flexible link (BM)	Seawater cooling filter
Shore connection board (BC, BF, BP) & Combat system network shore connection board & Alternative network shore connection board	Freshwater cooling pumps	Electrical Braking Motor and associated power converters and step down transformers
High Voltage AC switchboards (MHVS, HVMS, DCTRS)	Low Voltage AC switchboards (NSAS)	AC/DC Static converters and associated HV/LV Transformer
AC/DC static converters	High Voltage AC Load bank	Low Voltage AC load bank
Power cables for test bench	Torquemeter on shaftline	DGR enclosure
Sewage pump	Hydrogen and carbon monoxide Burner	DG exhaust permutator
DG exhaust flexible coupling link		

Table 1: Australian Industry Opportunities (non exhaustive)

Future Opportunities Industry Engagement

Naval Group Australia will also be focused on identifying Australian industry capability for additional equipment, goods and services to be procured in future work scopes. These will be publicised on the Industry Capability Network (ICN) from time to time. Naval Group encourages suppliers interested in becoming a part of the Future Submarine Program to:

- register their interest on the Industry Capability Network (ICN); and
- attend Industry Briefings relating to the Program.

Suppliers provide their general registrations of interest in the Program via:

<https://navalgroupfuturesubmarine.icn.org.au/>

This general registration of interest against procurement families and sub-families forms the database for a wide breadth of goods and services required for the Future Submarine.

In addition to the general registrations of interest, Naval Group Australia will utilise ICN for seeking expressions of interest against specific equipment, goods and services, which marks the commencement of a thorough market investigation and leads into the procurement process.

Suppliers of equipment's, goods and services may be asked to participate in some or all of the following activities as part of Naval Group's approach to identifying Australian Industry capabilities:

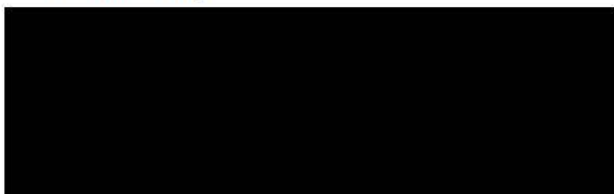
- submission of information about the company's business, its systems and processes as well as its capabilities;
- pre-qualification, which may include a site visit and preliminary technical and quality audit;
- qualification, which may include a subsequent full technical and quality audit as well as product compliance tests.

Communicating with industry about upcoming opportunities will be multi-faceted and include the following communication avenues:

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