Dear Dr Lewis,

Saab’s position on the E-3D AWACS replacement

We have noted the interest expressed by the House of Commons Defence Select Committee in the matter of the United Kingdom’s E-3D replacement, as well as the Oral Evidence recently given by Ministry of Defence (MoD) Officials to the committee regarding discussions with Boeing for the potential single-source procurement of E-7 Wedgetail. Given a number of points that have been made in the public arena relating to the Saab (Erieye sensor system) and Airbus (platform) solution to this requirement I wanted to set out our position on the matter.

It is our firm belief that it is the British Government’s prerogative to procure the best equipment and achieve the best value for money for both taxpayers and defence forces. It is also our expectation that such procurement methods and decisions will reflect the Government’s commitment to fair and transparent free-market competition. Saab’s active stance towards significant investment in the UK is premised upon this understanding.

We have monitored E-3D performance and development over recent years and recognised that a replacement would be required before the planned out of service date. It is our position that our Erieye Airborne Battlespace Management System (ABMS), in service with 8 air forces, on 5 different aircraft types, would be the optimum sensor, based on a strategic reach platform already in RAF service, the Airbus A330, protected by our EW system giving unparalleled levels of survivability in the most challenging of scenarios.

The latest upgrade to the Erieye sensor and mission system is known as Erieye ER, already sold to one customer with another in advanced stages of negotiation.

Erieye’s capability
In the expectation that a competition would take place we have hosted a number of visits to our facilities in Gothenburg, Sweden, where officials have been briefed on Erieye capabilities; we have also take part in multiple meetings with officials in the UK. Following the last UK visit to our Gothenburg site, UK officials requested access to the classified data underpinning Erieye’s performance. After securing Swedish Government approval, this data was offered to Air Command and then to DE&S. Both declined to take delivery. We cannot, therefore, support the
assertion that Ereieye’s performance has been analysed; without examining the classified data, it is impossible to understand and judge the performance of the sensor and mission system.

Platform integration
We also note MoD’s view that the integration of Ereieye with the A330 represents unacceptably high risk. We, however, rely on our integration experience of 5 different aircraft types and the several thousand hours spent with Airbus to understand and analyse the work required on an A330. Our evidence indicates that A330 represents the least risk of any platform onto which we have integrated Ereieye.

No analysis of how we integrate our system onto other aircraft has been conducted by MoD. Unlike our competitors, we are platform agnostic. Ereieye is very much a plug-and-play system in that the self-contained radar (air cooled and with no moving parts) sits atop an aircraft and is connected by cabling through the fuselage skin to our mission and command-and-control system. Relevant aircraft systems (eg, radios) are then connected to the mission system. Saab executes the integration ourselves, in conjunction with the aircraft original manufacturer, in this case, Airbus.

The Airbus A330 offers a cost effective platform upon which the Ereieye can sit as it is already in service with the Royal Air Force, meaning that savings will be made in training and maintenance, as well removing the requirement to purchase new platforms at the outset. The A330 also has ample power and range to be able to perform an E-3D function in addition to its existing transportation and refueling roles.

We have never failed to integrate onto a platform. Our detailed analysis indicates that it would take less than 36 months to integrate the first A330-Ereieye system; subsequent platforms would follow at 9-month intervals. The work on the first platform would take place in Madrid with all subsequent work being carried out in the UK.

Technological longevity and compatibility
Furthermore, we maintain Ereieye’s capability at the leading edge of technology by 2-year refreshes that are built into nearly all our products: refreshes are nearly always in software, occasionally in firmware and rarely in hardware. We expect to refresh Ereieye capabilities because of technology updates (eg, enriched features, improved algorithms), or to adapt to evolving threats.

We believe that Saab has the largest EW programme outside the US, much of it focused on ensuring the survivability of air forces that must operate within existing Anti Access/Area Denial (A2/AD) bubbles. We expect that the A330 and Ereieye will be operated in these conditions and we would offer the ability to ‘cloak’ the aircraft in such a way as to enhance its survivability very significantly.

MoD officials have been briefed on some of our capabilities but at no time have we seen a UK requirement against which we can tailor our offer. Without sight of the requirement, it is hard to say that a competition can be held.
Of course, an Air Battlespace Management System does not operate in isolation; it must be able to share data with multiple other systems. Erieye is already in NATO service and has been for several years. It successfully operated in conjunction with other allied air and ground forces during the Libya operation; on one occasion, it ran the entire air operation when an E-3 platform failed to arrive to share the responsibility.

Naturally, availability of the selected system is a vital element in the success of any air battlespace management system. We underwrite 98.5% availability of Erieye. We do not believe any other system in the world is capable of matching this. Furthermore, Erieye would be completely open to the British Government such that it would have full access and sovereign control of the system. We are not subject to ITAR constraints.

Finally, it is not, and never has been, our intent to cause undue difficulty for the British Government or MoD. Our intention is simply to ensure that the UK is aware of the capability that our systems provide, their ability to operate within and against the very latest threats facing the country, and to do so in a cost effective manner. We also firmly believe that we offer unrivalled capability now and through Erieye’s life. If unstated political reasons exist for a non-competitive approach to replacing the E-3D AWACS then we would be grateful if this could be indicated to us and we will cease marketing in the UK.

Notwithstanding any unknown political factors, we are concerned by the lack of competition and the lack of dialogue and response from MoD. Lastly, we are platform agnostic and will continue to offer Erieye to our customers’ platforms of choice.

Should you have any further questions on the contents of this letter, please feel free to contact me directly.

Yours sincerely,

Andrew Walton CBE
Head of Saab UK
Stuart Andrew MP
Minister for Defence Procurement
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

17 October 2018

Dear Stuart,

Please find enclosed a copy of a letter I have received from Andrew Walton CBE, Head of Saab UK, regarding the E-3D AWACS replacement. This letter was written by Saab at my request in response to statements given in oral evidence by officials during the session of 9 October on the Ministry of Defence’s Annual Report and Accounts 2017-18 (mainly at Qq 15-16 and Qq 37-39).

I emphasise at the outset that there is no suggestion either from Saab or from the Committee that officials have been consciously misleading. Nevertheless, concerns remain that determinations have been made on a future replacement for AWACS without the Department being in possession of the detailed information needed to come to a proper conclusion about the comparative merits of the A330/Erieye system.

As the letter states, Saab have raised concerns on a number of matters that were given in evidence as justification for not pursuing the A330/Erieye system further and for opening single source negotiations with Boeing. These relate to performance and capability, platform integration, and technical longevity and compatibility.

I should be grateful for you views on these points, and for answers to the following questions:

- Why was Saab’s offer of classified technical information relating to the performance of Erieye declined?

- Without this information how and on what basis was the decision made that Erieye’s performance would be inadequate?

- On what basis was the risk relating to systems integration considered to be unacceptably high, given the track record of Erieye integration on across a range of different platforms?
• On what basis were the risks relating to threat, spiral development and interoperability considered to be unacceptably high?

• Have the other advantages of the Airbus/Erieye offer, such as survivability, availability and airframe continuity been properly considered alongside these matters?

You will be aware from our previous correspondence that the Committee is particularly concerned that the AWACS replacement will be pursued without a competitive tender. Even though the Department continues to stress that no final decision has been made, it is difficult not to believe that the alternatives to the Boeing E-7 Wedgetail have already been discounted. The Chief Executive of Defence Equipment and Support's declaration at the oral evidence session (at Q82) that there is "absolutely clear blue water between the E-7 and the competitors" seems to point to this. Saab's concern, which we share, is that these determinations have been made without a proper consideration of the alternatives—a consideration that would be much more rigorous in a proper competitive process.

As Saab's letter indicates, there may be other, underlying reasons for this course being taken. Quite reasonably, they feel that if this is the case, they should be told—and then they will no longer continue to put forward what they consider to be the technical merits of their system.

Your response to these points before the Committee receives any further briefing on the AWACS replacement issue would be greatly appreciated.

Congratulations on your new role.

All good wishes,

Julian

Enc.
cc. Rt Hon Gavin Williamson CBE MP, Secretary of State for Defence