

Training Firms Chase Mideast Contracts



(Photo: David Brown/staff)

ABU DHABI — Training rarely generates the headlines at big defense shows in the same way that armored vehicles, warships and aircraft do.

But scratch below the surface at the IDEX show in Abu Dhabi last week and you would have found plenty of companies seeking to secure a slice of the Arabian Gulf nation's growing drive for military effectiveness through simulation and other training programs.

"This is a hungry market. The focus of many people in the business has been on Europe and the USA for a long time but now the attention is shifting to include this region too," said Hans Lindgren, the training and simulation head of sales at Saab.

Urs Breitmeier, the CEO at Ruag, told reporters during a briefing at IDEX that for his company, "the requirement for training programs [in the region] is higher than programs for new vehicles and protection."

Saab was an early arrival in the gulf training market when it started selling pop-up targets in the 1980s.

In some ways, it's an indication of the growing sophistication of technology and the requirements of customers in the region that pop-up targets no longer drive the company's sales ambitions here, but high-tech systems able to simulate essentially the entire battlefield.

Along with rivals like Cubic, Rheinmetall, Ruag and others, Saab is hoping for a phone call from the UAE military soon informing them whether they have landed a deal to put their technology into practice in a major urban warfare training center being built here.

The urban warfare center is not the UAE's only training capability expansion.

The UAE military used IDEX to award two small simulator deals to Cubic and the Australian company PFP Systems.

Several other programs are on the UAE's to-do list, including two Joint Aviation Command competitions providing simulation and other training devices to go alongside recent purchases of the Sikorsky UH-60 and Northstar Aviation 407MRH helicopter, a military multirole modification of Bell's commercial 407GX.

A decision on both training requirements is expected soon, said executives at IDEX.

Northstar announced a training tie-up with CAE at the show to cooperate on synthetic training solutions for the 407MRH. The Canadian company is one of the contenders for both helicopter requirements.

It's not just specialist training companies trying to get in on the act here. Platform makers are also seeking a piece of the action.

Steve Pigott, Lockheed Martin's international vice president for air mobility, told reporters that there is "an aspiration" for the company's AMMROC maintenance joint venture in the UAE to eventually expand into crew and maintenance training.

Lockheed is also interested in setting up a major air crew training center for Qatar, similar to the center it runs for the Royal Air Force in Britain, said executives at the show.

It's not just aviation and land warfare opportunities that are opening up.

Maritime training is also on the rise with many of the same players in the land and air markets like CAE and Saab pitching for business here.

And training isn't confined to simulation and other technology-driven programs. Staff colleges and other similar establishments are also on the agenda.

British support service provider Serco signed a three-year, £26 million (US \$40.2 million) deal in 2014 to set up a staff college along the lines of the UK's Joint Service Command and Staff College at Shrivenham, England.

The uptick in training requirements is being driven primarily, but not exclusively, by recent big increases in the procurement of state-of-the-art weapons.

Gene Colabatistto, the group president of CAE's military products and training business, attributes the "gaining momentum" of simulation and training in the region to a number of factors.

Some of it is because nations in the region are buying advanced weapons. But, he said, it's also due to the growth in personnel to support the military build-up, upgrade and modernization programs, and the need to safely and quickly build the competencies required to use equipment in operations, Colabatistto told reporters the day before IDEX opened Feb. 22.

Michael Kriewitz, the vice president of land simulation sales at Rheinmetall Defence, said training and simulation opportunities grow as countries better understand that having great kit alone is not sufficient.

"There is a realization if you have good equipment you need to have good trained people to operate it, anything else doesn't really make sense," the executive said.

Andrew Dardine, an electronics analyst at Forecast International, said better technology also generates greater interest in simulation and training.

"The technology just seems to get better and better every year, offering increasing amounts of realism," Dardine said. "This is particularly useful with the increased emphasis on training for urban combat situations. Since the use of real cities is too expensive and dangerous, the more realistically these environments can be depicted virtually, the better."

In the UAE, the biggest market outside Saudi Arabia, another factor will help drive up training spending: the recent introduction of national service for up to 7,000 Emiratis a year.

Breitmeier reckons that while declining oil prices could influence program timing, the conscription effort could offer a counterbalance.

"The oil price could have an impact on budgets, although we haven't felt it yet. On the other hand, here in the UAE, the requirement is still rising as national service will increase the need to train soldiers more efficiently than in the past. This presents huge chances for companies like Ruag," he said.

Heinz Schiesser, the sales director of Swiss simulation and training company Inovex, which often partners with Ruag in the gulf market, said declining oil prices are not necessarily a problem for the sector.

"Normally, pressure on oil prices is good for the training business," he said. "It's not like procuring aircraft and main battle tanks, so if the money is not available for those purchases, people tend to invest in training; often they use it to cut costs."

One industry executive said that's not always the case. Saving fuel flying jets is a more effective cost saver than if you are training to drive a truck.

Nicole Augar, an analyst at the Forecast International consultancy in the US, said training and simulator makers shouldn't worry as low oil prices, for nations such as Saudi Arabia, Qatar, Kuwait and the UAE, will only have a nuisance value, which they can comfortably withstand for a few years.

"Overall, I don't see the oil price drop having a major effect on any programs Middle Eastern nations want to pursue, including simulation programs," she said.

The UAE and Saudi Arabia may be the biggest markets for training but there is plenty of examples of increased activity elsewhere in the Gulf Cooperation Council region, including CAE contracts to deliver full mission simulators to new training in Kuwait for the KC-130J Hercules and C295 in Oman.

Both training facilities are scheduled to become operational this year.

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