

Perspective: Strategic Risk Policy® –The Transformation of Defence Acquisition for the Modern Epoch

This paper is based on presentations given by Professor John Louth, Non-Executive Director of Subsea Craft Ltd and Christopher Carrington-Smith, Chief Operation Officer of Subsea Craft Ltd at the Summit on Strategic Risk Policy® and Advanced Maritime Technology at the Australian Parliament House on 21 April 2026.

The arguments and dynamics of defence acquisition transformation provide an important and timely case study of how Strategic Risk Policy® (SRP) can capture, analyse and influence the ways and means of generating critical defence capabilities in the modern epoch. The challenges of conventional defence acquisition can be foreseen and addressed by those governmental and military decision makers and, critically, businesses, adopting SRP foresight and insight.

Since the end of the Second World War, defence acquisition has changed beyond all recognition, coagulating into a common confluence of complexity, long lead times, cost overruns and delays. In 1940, it took six weeks to manufacture a fighter aircraft from a known design using national supply chains. The test and evaluation of the aircraft was, essentially, its maiden flight being delivered to a front-line squadron from the factory of manufacture. The engineering was skilled, though quickly learnt, involving the assembly of easily tooled components in their hundreds. This meant that the aircraft was affordable and units could easily be replaced on destruction or when improved.

Today, in contrast, fifth-generation aircraft require a global supply chain with components, materials and lines of code in their millions. It can take 16-18 months to manufacture a single fighter aircraft using sophisticated computer-aided design and manufacture processes. The workforce is relatively small, highly skilled and difficult to replace in the short to mid-term. The aircraft is software and networked focused. It is very expensive, meaning that a small number of units can be replaced only with very long lead times and requires significant resources. In 1940, attrition rates of aircraft were baked-into the military solution. In 2026, the loss of a single aircraft is an expensive proposition, strategically and financially. The 1940s' defence acquisition solution was slick and speedy – through national necessity. The 2020s' experience is bureaucratic, slow and often hinders notions of national security and international defence collaboration. Why should this be so and why is it tolerated?

The answer to both questions is the assumptions made when advanced states think about procuring defence capabilities. Governments assume that there are, essentially, only five approaches to satisfying their militaries:

- A government could design, develop and produce capabilities “in house” through its own means of production;
- A government could acquire defence capabilities from its own onshore industry through a non-contested, single source contract;

- A government could seek to collaborate internationally with another government or a business headquartered in another country;
- There could be an open industrial competition for the provision of a certain capability based on a documented requirement set of statements, either limited to a state's own businesses or expressed internationally;
- Finally, a government could offer a very limited and niche industrial competition to address very specific national security concerns.

These five approaches are very different and require specific structures, processes and competencies, yet major powers believe that they can select differing acquisition strategies for specific capabilities without impacting upon these core national features. SRP insight calls this out as a flawed assumption.

Also, in advanced democracies, another assumption has taken hold that defence acquisition can be captured in a single equation, whereby:

$$\textit{Defence acquisition} = \textit{Requirements} + \textit{Procurement} + \textit{Support} + \textit{Disposal}$$

Within this equation the starting point for generating capabilities is the Requirements' set of captured user requirements and system requirements that belong to government. This means that private sector scientists and industrialists cannot functionally contribute until a government has concluded its thinking on "requirements," a patently untenable proposition.

Between 1998 and 2010, as an example, 323,000 academic articles were published in the English language reinforcing this dominant explanation and discourse of defence acquisition. Broader integration of capabilities and forces across international treaties were seldom considered. Also ignored tended to be notions of national performance, resilience and affordability, the speed of technological maturation, or indeed the actions of a rival or potential enemy. Once more, the hidden hand of flawed assumptions presents itself.

The kicker, though, with this traditional defence acquisition approach, is that these assumptions are hard-wired into a procurement practice that, in formal stage to formal stage, recreates the defence acquisition equation, with 98 percent of advanced industrial defence spending sunk into this model. Long lead times, delays, cost overruns and technological and engineering failures are fused into this model – and where you have an overarching model there manifests a proliferation of management practice.

Consequently, modern defence acquisition is said to need strategic management; portfolio, program and project management; requirements' management; schedule management; risk and opportunity management; benefits management; HR, performance and culture management; safety management, equality and diversity management; logistics management; configuration management; test and evaluation management; acceptance management; commercial and contracts' management; business development management, stakeholder and relationship management; obsolescence management and many other outposts of managerialism the authors are too bored to articulate.

Each of these specialisms, of course, has a body of knowledge, a suite of qualifications and training courses to credentialize the practice. It might just be that the advanced democracies are so busy managing defence acquisition, with all the costs incurred, that we forget to actually produce very much.

This does not have to be the way. If nimble public and private entities can generate prototype technologies and ways of working, this could interdict the assumptions made in conventional defence acquisition and mitigate the risks and uncertainties posed by our rivals and enemies. This notion of “prototype warfare” sits on rapid technological development, privately financed, with the military user as the heart of all design considerations. Capability is matured within highly minimized timelines, with the act of development being both a “go/no go” decision and feedback loop between the prototype, military doctrine, ongoing development and investment. This means that militaries benefit from delivering and fielding capabilities initially at lower technology readiness levels whilst iterating their development and maturation in the field.

In terms of prototype acquisition compared to conventional defence acquisition, the latter can take up to 25 years from concept to in-service status, whilst Subsea Craft Ltd, for example, was able to generate an asset in the water from conceptualised discussion with military operators to a prototype within 100 days or so. Importantly, the financial risks of developing such prototypes are borne by the private investor rather than the taxpayer. A government only spends money at the point of satisfaction with capability being fielded rather than through the dead years of requirements setting. By acting on the assumptions of a better way, the costs associated with bureaucracy and delays driven by formal gatekeeping are driven out of acquisition.

Small, fleet-of-foot private sector companies can work in this way as they are not constrained by legacy processes in the way that governmental defence acquisition and research and development might be. But there are issues. Technology development can bring regulatory constraints that can limit progress. The option for a government to consider the development of defence regulatory “sandboxes,” on shore, is an idea that needs urgent execution. Likewise, test and evaluation ranges within government should be much wider utilised by the private sector offering early-month technology demonstrators. Keeping such facilities for legacy programs associated with conventional defence acquisition practices is foolish and strategically suboptimal.

By deliberately not accepting the core assumption that defence acquisition is fixed in its processes and practices, companies such as Subsea Craft Ltd are able to reform the system from within, changing both doctrine and defence outputs. By defying the dominant discourse of defence acquisition, we face the ‘military’ risks posed by our foes rather than fixate over the fictitious managerial risks generated from within our own heads. SRP teaches that failure lay in the persistence of incorrect assumptions. Subsea Craft Ltd correlates this insight from its lived experience. Future resilience resides at the confluence of these intellectual and commercial insights.

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