



UK OFFICIAL

The Science Inside

Defence Science and Technology Laboratory

Small and Medium-sized Enterprise (SME) Action Plan

2020-2025



Ministry
of Defence

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Foreword by Rob Solly, Dstl Division Head, Defence and Security Analysis

“Over the next three years the Defence Science and Technology Laboratory (Dstl) an Executive Agency of the UK MOD, is committed to spending over £1,850m on defence science and technology, approximately fifty percent of which will be spent ‘extra murally’ i.e. with industry, academia and others. As a research, science and technology (S&T) organisation it is in Dstl’s DNA to seek out and find highly innovative solutions to defence challenges, ensuring that future threats to UK security are minimised, that improved value for money is achieved for the public purse and that wheresoever possible wider social value and the UK prosperity agenda is appropriately supported by our actions.

Dstl are excited by the prospect of working further with SMEs to develop and exploit new technologies and innovative product and service offerings and this Dstl SME Action Plan sets out how we intend to make it easier for SMEs to do business with us and the specific actions that we will be taking to encourage and support this.

That is why I am delighted that we are now publishing the new Dstl SME Action Plan, that will help us meet our purpose of ‘Delivering high-impact S&T for the UK’s defence, security and prosperity’.”



Rob Solly

Dstl Division Head, Defence and Security Analysis

Foreword by Vicki Shepherd, Dstl Head of Commercial Services & SME Champion

“At Dstl, SMEs play a vital role in helping to deliver efficient, effective and affordable science, technology and research products and services in support of the Armed Forces. Small and Medium Enterprises (SMEs) are also recognised as the backbone of the UK economy, fuelling economic growth and providing more than 15 million jobs.

As Dstl’s Head of Commercial Services I am passionately committed to making sure that we take a robust approach to improving how we engage with smaller businesses. The SME agenda is one of our priority issues, and I am pleased to introduce our SME Action Plan which outlines the approach we are taking both within Dstl and through working actively and jointly with our industry partners.

This Action Plan explains how we will improve our procurement spend with SMEs, by working with our major suppliers to remove barriers and improve access to opportunities for doing business with Dstl. It addresses behavioural, policy and process change. It also includes information that I hope will help you directly - information about Dstl, what we procure and most importantly where to find our opportunities.

Progress against the Action Plan will be reported regularly via MOD to the Defence SME Forum, chaired by the Minister for Defence Procurement (MinDP). The plan will be thoroughly reviewed and reissued on an annual basis.”



Vicki Shepherd

Dstl Head of Commercial Services & SME Champion

Section 1 Introduction

The SME Action Plan

The Dstl SME Action Plan provides information about us and what we do and explains the actions we are currently taking and aim to take to improve our engagement and spend with small and medium enterprises (SMEs) and non-traditional defence suppliers (NTDS). Summarising how we aim to improve access to opportunities and remove barriers to doing business with us - the Defence Science and Technology Laboratory.

Who we are

Dstl is an Executive Agency of the UK MOD, in turn one of the biggest public procurement organisations in Europe, managing some of the most complex and technologically advanced requirements in the world. Dstl is the science inside UK security and defence, and our customers include our armed forces and national security agencies, other government departments and international partners. We buy and develop research and technology to provide innovative solutions to ensure future defence advantage and steward UK defence capability.

Our purpose

Delivering high-impact science and technology (S&T) for the UK's defence, security and prosperity.

Dstl focuses on providing S&T solutions to the complex challenges that Defence and Security face, both today and in the future. We maintain unique capabilities to combat existing and emerging threats from adversaries (state, terrorist or criminal) wherever they appear. Through the S&T we steward and deliver, our knowledge and experience spans from sea to space, embracing both the physical and technological and increasingly in the areas of Cyber Security and Artificial Intelligence.

Our vision

By 2024 Dstl will be acknowledged as a Centre of Excellence for UK Defence & Security S&T, operating seamlessly with our partners to deliver. We will anticipate future S&T potential and deliver game-changing capability to our customers that provide strategic advantage over adversaries. Our brand will be recognised across government and through our wide network of suppliers. Working with our partners to maintain capabilities across the supply chain, Dstl will be sized and shaped to meet the growth in demand for our services over this period. Our workforce will remain highly engaged and feel fully empowered; our major capital investment programmes will provide state-of-the-art facilities that enable both Dstl and our partners to deliver world-class S&T across all of our core capabilities, and we will be a leading employer of choice for scientists and engineers.

What we do

Dstl is responsible for the stewardship of Defence and Security S&T capabilities by: ensuring the required capabilities are available now and in the future in line with the MOD S&T Strategy;

bringing together the right people, relationships, infrastructure, knowledge and licences to practise; maximising the effectiveness and efficiency of our S&T infrastructure and assets; working with industry, academia, wider Government and its allies to access and build capability.

Dstl fulfils the following activities for Defence and Security on behalf of Government:

- Specialist Research that can only be done in Government
- Stewarding and Maintaining Capability deemed necessary for future Defence and Security
- Integrating S&T delivered by industry, academia, wider Government and allies
- Advice, Analysis and Assurance used in procurement, policy and operations
- Exploiting Intellectual Property to drive prosperity
- Supporting Operations

Whether working from our UK centres or deployed globally in support of operations, Dstl responds promptly and professionally to the needs of our customers and stakeholders.

Our Mission

To ensure that our customers are provided with the best capabilities to enable them to protect the UK's security and to advance the UK's interests, both now and in the long term; and in doing so, to obtain the best possible value for money for the taxpayer. Wheresoever possible ensuring that the wider UK prosperity, social value and sustainability agenda is appropriately supported by our actions.

Dstl procurement activity

Dstl procurement activity covers a wide range of Science and Technology (S&T) requirements, including research and development of technologies in the following areas:

- **Platforms Systems Division (PLSD) Capabilities: Platform Systems (Air, Land and Maritime); Weapons; Integrated Survivability.**
PLSD focus is single platform-based capability covering all mission and weapons systems, plus the related survivability capabilities. All advice and solutions to capability gaps that require platform based solutions supported by Analysis, C4ISR and Cyber.
- **Counter Terrorism and Security Division (CT&S)**
CT&S delivers science and technology (S&T) to support the UK government in the fight against crime and terrorism. The Division's work includes supporting the military, security services and emergency services on the front line, delivering bespoke engineering solutions to urgent problems, and investing in new technology and capabilities for future and emerging threats.
- **Cyber and Information Services Division (CIS)**
CIS maintain and develop a range of capabilities that deliver transformational information superiority, underpinning the outcomes needed to support Defence in Cyber, C4ISR and Space related areas, both now and in the future. At the heart of the Division's objectives is a drive to demonstrate technical excellence with a strong focus on science and innovation. CIS are growing key elements to meet the increased demand in core capabilities, such as cyber defence and offence, data science and space.

- **Chemical, Biological, Radiological Division (CBR)**
CBR provides an integrated Chemistry, Biology, Radiation and Medical Sciences capability. Delivering longer term research as well as short term advice and consultancy, this Division supports both the Front Line Commands and wider Government.
- **Defence and Security Analysis Division (DSA)**
DSA are the single focus for Military and Security capability analysis, consulting and enterprise-level system engineering covering all Commands and Head Office, plus the Human systems and analysis and simulation sub-capabilities.

There is also significant Dstl procurement activity in support of the **Dstl Operations Division**. The Operations Division encompasses a number of key business “enabling” operations and is responsible for the safe and secure operation of Dstl. The Operations Division is responsible for complex programme delivery central to our future operating model and success as a world-leading S&T delivery organisation.

The Operations Division key business enabling operations include;

- **Knowledge and Information Services (KIS)**
KIS is responsible for providing appropriate access to necessary knowledge and information and the means to exploit that information in order to benefit delivery to our customers. This service is provided through a range of Delivered, Demand and IS Project Services.
- **The Operational Risk Function (ORF)**
The ORF must ensure Dstl is able to effectively deliver S&T safely and securely across a complex estate in a unique high-hazard environment. The function is responsible for the design, implementation, and continual improvement of Dstl’s approach to Safety, Security, Business continuity, Operational Resilience, Asset and Information risk management in line with the relevant JSPs, Defence Manuals and/or Regulations.
- **Facilities Management (FMS)**
FMS covers the provision of The Future Infrastructure Connected Programme (FICP) which delivers a major component of Dstl's five-year capital investment programme, as well as both hard (Building Management, Estates, Environment) and soft (Cleaning, Catering, Furniture, Gases, Landscaping, Mail, Maintenance, Pest Control, Portering, Space Management) FM, Travel and Transport and Security services.
The Operations Division aims to provide Dstl with a safer, securer, smarter, sustainable and resilient working environment.

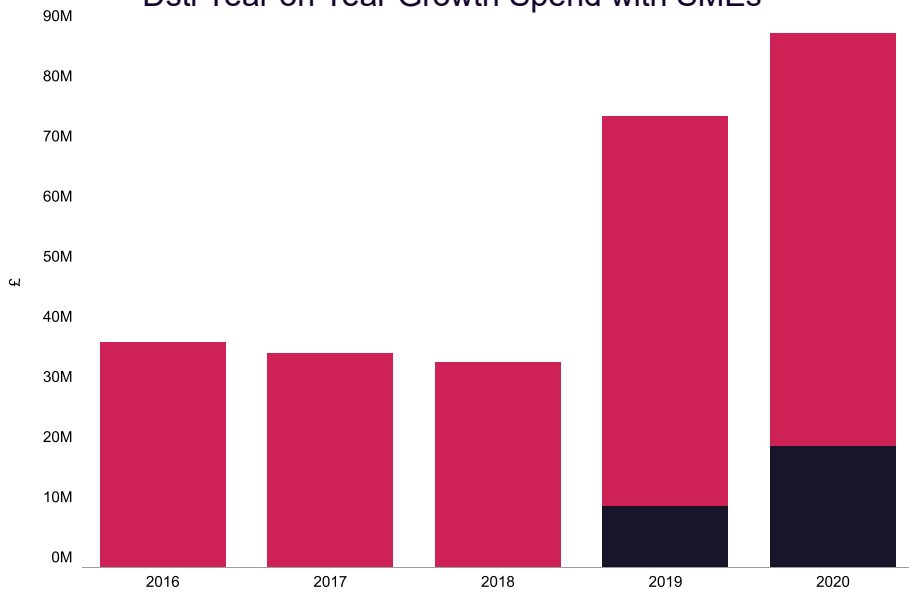
Dstl Spend & SME Engagement

Dstl Year on Year Growth in External Spend

Dstl Financial Year	Total Spend - All Suppliers
FY 2017 to 2018	£197.5M
FY 2018 to 2019	£277.1M
FY 2019 to 2020	£318.1M
FY 2020 to 2021	*£355.5M

*In FY 21 (April 2020 – March 2021) Dstl is forecast to spend ~ £355.5m with its external partners (Industry, Academia etc.).

Dstl Year on Year Growth Spend with SMEs



Dstl Financial Year	Direct Spend with SMEs	Indirect Spend with SMEs	SME spend as a % of total spend (FY22 Target > 25%)
2015 to 2016	£36,271,463	Data not collected	14.37%
2016 to 2017	£34,320,790	Data not collected	15.77%
2017 to 2018	£32,892,892	Data not collected	16.65%
2018 to 2019	£62,560,000	£10,050,000	26.20%
2019 to 2020	£66,750,000	£19,400,000	27.08%

Dstl identifies SMEs as per the definition at: <http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition/>

In 2019 Dstl highlighted its commitment to working with a wide range of innovative SMEs and the UK Ministry of Defence (MOD) set an ambitious target that 25% of its procurement spend will go to SMEs by 2022¹. Dstl is delighted to announce a substantial increase in spend with SMEs in the past Financial

¹ <https://www.gov.uk/government/publications/mod-small-and-medium-sized-enterprise-action-plan-2019-2022>

Year (FY) 2019-20, from £72.6m to £86.1m, meaning that over 27% of Dstl's external spend on science and technology (S&T) went to SMEs², either directly or via a prime supplier.

Dstl is still actively recruiting SMEs to join its supply chain, which grew by 17% last FY,

"I'm delighted that SMEs are playing a larger role in our supply chain, bringing added agility and innovation to Dstl's research. Dstl SME Searchlight is committed to continue this growth and we look forward to meeting new potential suppliers at upcoming events such as VentureFest South ."

Rob Solly, Executive Sponsor of Dstl's SME Searchlight

"I am proud of the work of my commercial team, and the technical and project staff working alongside them, who have worked tirelessly to encourage new companies to join our supply chain, thus supporting MOD to move towards its target whilst allowing Dstl to deliver high impact S&T."

Vicki Shepherd, Head of Commercial Services Dstl

Our priority areas for increased external delivery in financial year 2020 to 2021 are in red:



How to engage with Dstl

The size and complexity of our projects mean that we work very closely with industry, academia and our international partners to ensure effective delivery. Dstl (as per the MOD and the rest of UK Government) advocate the use of competition, both in our direct contract opportunities and throughout the supply chain. Opportunities, therefore, exist for suppliers of all sizes, from large established defence contractors through to innovative smaller businesses. Direct and other supply chain opportunities can be found via [Direct Contracts Online](#) (the DCO).

² Based on draft accounts (subject to audit). The figures for both years have been recalculated to include improved data, direct spend with SMEs and spend via framework contracts. They may be revised in the future to include other contract types.

Dstl's Dynamic Procurement System (DPS) Rcloud enables SMEs to register with Dstl for opportunities at any point, providing SMEs the opportunity to identify the capabilities they wish to bid against. Approximately ten percent of all direct spend flows through Rcloud annually. In order to become an R-Cloud member, you will need to complete a membership application via the [R-Cloud portal](#).

As well as contracting directly with Dstl there are significant opportunities for SMEs to work with Dstl via the supply chain, for example through Dstl's Framework Contracts where Prime Contractors are tasked by Dstl to develop the supplier Ecosystem (Community of Interest), actively seeking out innovative SMEs. Approximately 50% of our annual spend flows through these Framework Contracts / Prime contractors. Find out more about [Dstl Frameworks and Capabilities](#) and [how to join the Dstl supply chain](#).

The Action Plan below includes actions to ensure that these sub-contracting opportunities;

- ✓ **are appropriately advertised and signalled to SMEs at the earliest possible point**
- ✓ **provide real opportunity to bring forward innovation and influence outcomes**
- ✓ **are paid for promptly.**

For more information about who we are, what we buy and how to work with or sell to Dstl see [our pages on GOV.UK](#).

Other useful info can be found at:

www.contracts.mod.uk/supplying-defence/procurement-at-the-mod

www.contracts.mod.uk/supplying-defencemod-supply-base

Section 2 – Our Commitment to SMEs

Dstl's commitment to support SMEs is central to both realising our Dstl purpose "Delivering high-impact S&T for the UK's defence, security and prosperity," and the MOD's long term aim for the defence sector in the UK.

We want to create a vibrant, competitive and sustainable supply chain where innovation, agility, value for money and the customer-focus delivered by SMEs contributes fully to providing our Armed Forces with the very best Science and Technology.

We also recognise that the contribution made by SMEs is more important than ever to UK national prosperity and our ability to continue to compete in the global marketplace. That is why Dstl is committed to supporting smaller businesses seeking to work in defence and to making real improvements in our engagement with them, both directly and via the broader supply chain. Our aim (along with the rest of the MOD) is to become "the customer of choice".

Section 3 Targets and Reporting

In 2019 to ensure we delivered on our vision of “making defence a place where smaller suppliers are encouraged and want to work”, the Ministry of Defence (lead by the then Min DP) set an ambitious target that 25% of MOD procurement spend would be with SMEs by 2022. As an executive agency of MOD Dstl fully subscribed to the target and have been actively engaging with SMEs via a Dstl programme called Dstl SME Searchlight.

Having met and exceeded the 25% target in 2020 we are not resting on our laurels, as we fully appreciate the benefit of SMEs in our Supply Chain and Dstl SME Searchlight continues. As part of this ongoing engagement Dstl is pleased to be a key partner of [VentureFest South](#) at which it will be showcasing SME opportunities, especially in support of Land, Air and Maritime Systems S&T. We will also be participating in [Business Innovation South](#) and [a number of other events](#).

What Dstl have delivered so far;

- ✓ As at March 2020 ~ **27%** of our annual spend was with SMEs.

- ✓ We have worked closely with Dstl’s Framework Primes to incentivise the engagement of SMEs in our supply chain (Ecosystem) and then to capture Dstl’s indirect / “second tier” supply chain spend with SMEs.

*Note: We do currently have some data quality issues which we are working to resolve, but as this figure does not include subcontractor spend from non-framework contracts we expect the real value to be higher.

What we are going to do

Considering the nature of Dstl’s role and vision and despite the fact that we are already exceeding MOD’s 25% target, we believe Dstl can do more.

We are already taking certain actions (below) which will move us closer to the wider government target of “**33%** of government spend with SME’s by 2022” and have developed a further action plan (at section 4 below) which we will actively continue to implement for success.

- We will continue to ensure that SME suitable opportunities are identified, and clearly signalled and that the procurement effort needed is proportionate to the opportunity, through the use of simplified contracting processes etc.

- We will continue to work with our Primes to ensure they advertise and make available SME suitable opportunities and will routinely assess the amount of spend that is sub-contracted to SMEs through the Dstl supply chain.

- We will continue to work with and influence our commercial partners e.g. CCS, Science Warehouse, etc. to ensure appropriate engagement of the SME community for frameworks and other contracts, used by but not owned by Dstl.

Section 4 Dstl's SME Action Plan

This SME action plan sets out Dstl's commitment to supporting smaller businesses across our supply chain, supported by MOD (with Ministerial endorsement).

There are four sub-sections below describing clear actions that will:

- 4.1 Strengthen our SME engagement.
- 4.2 Improve procurement policy and process.
- 4.3 Make it easier to do business with us.
- 4.4 Encourage innovation.

4.1 Strengthen our SME engagement

Dstl's current "Strategic Imperative" SI 5 specifically addresses the requirement to further develop Dstl's Supplier Ecosystem and states: "Increase the proportion of work conducted by Suppliers and Partners to develop a bigger ecosystem and **improve access to the skills we need.**" This is vital in order that Dstl and its partners can identify innovative solutions, appropriately stewarding capability to deliver "high-impact" Science and Technology (S&T) for the UK's defence, security and prosperity.

To be able to succeed in this it is essential that Dstl strengthens engagement with all types of suppliers and partners, including importantly SMEs.

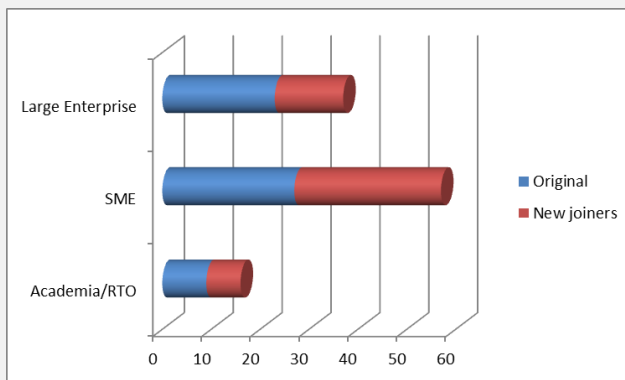
What we have delivered

- ✓ Dstl has increased engagement with its Strategic and Key Suppliers, (who are also the main Dstl Primes), through the Dstl Strategic Relationship Management (SRM) Programme. Each of our Strategic Suppliers has appointed a Dstl Relationship Lead and members of the Dstl Exec each have a Dstl Strategic Relationship Lead (SRL) role. The Dstl SRLs are developing relationships, helping to influence and change behaviours and sharing good practice including encouragement to improve consistent, coherent and better engagement with SMEs in our supply chain.
- ✓ Dstl has significantly improved the information available to SME's via our "How to sell to or work with Dstl" pages on the Gov.uk website, providing up to date links to Defence Contracts Online (DCO) and frameworks information so that SMEs can engage with opportunities at the earliest point, both directly and via Dstl's Prime contractors.
- ✓ To further encourage and grow SME engagement within the Dstl supply chain Dstl have also added into our framework contracts principles surrounding fairness, transparency, openness to new suppliers through the life of the framework contract and a requirement to grow the Supplier Ecosystem to support and improve Industry capability.

Improving SME accessibility to our frameworks: Progeny Case Study

Dstl required a prime contractor to build and manage a community of innovators to maximise the impact of science and technology (S&T) for UK maritime defence. In response, QinetiQ created an innovative approach by forming a Collaborative Enterprise (Progeny) which has a community of around 100 partners from industry and academia whose capabilities cover the full spectrum of UK maritime S&T capability.

Progeny has been designed to meet the principles of inclusiveness, encourage teaming and team working, responsiveness, informed feedback, building mutual trust, encouraging innovation, embracing best practice, and is respectful of Intellectual Property Rights and open to all relevant suppliers, from the start and through life. Accordingly Progeny has seen excellent growth, especially with respect to SMEs.



Progeny SME growth

The interests of SMEs are assured through a SME member on the Progeny steering group. Principles are underpinned by KPIs on ‘Diversity and Inclusivity of the Community of Interest (COI)’ and on ‘Effectiveness of the COI’, measuring for example numbers of complaints relating to the exclusion of organisations who believed that they had a capability to offer, and the percentage of the COI that both bid for and deliver work.

- ✓ Dstl has developed “SME Searchlight”, an engagement programme specifically targeted at SMEs. SME Searchlight was started as a programme of activity aiming to engage SMEs and “non-traditional” Defence suppliers to meet the needs of a £40 million - £45 million increase in research spend in 2019, that was expected to be placed externally from programmes across Dstl. The four priority areas for initial focus were; Radio Frequency (RF), Artificial Intelligence (AI) , Synthetic Biology and Wargaming. However the increase in demand for new research opportunities extends across Dstl.

Under the **Dstl SME Searchlight** banner Dstl develops and participates in a number of engagement events, workshops and consultations (run by Dstl in partnership with the trade

bodies and independantly), with an ambitious target of 60% of suppliers who have not worked within Defence before being bought into Dstl's supply chain.

Specific Dstl events held to engage with the SME community to date include one on Radio Frequency and one for Wargaming at the MTC (for SMEs only), attended by c100 people and one on Artificial Inteligence that was open to all suppliers (about 150 suppliers attended). Suppliers attending the events were encouraged to look for Dstl opportunities (both directly with Dstl and via our Primes); via the Defence Contracts Online (DCO) website, by joining Dstl's Dynamic Procurement System (DPS) R-Cloud, by registering for Insight (Dstl's magazine), by following Dstl on Twitter @ dstlmod and by looking out for opportunities on the Defence and Security Accelerator (DASA) web pages. They were also signposted to further helpful information (including key web links) on Dstl's "How to work with or sell to Dstl" Gov.UK web pages.

At several of the events Dstl delivered sessions on "how to bid" for work, with SMEs able to interact directly with the Dstl Commercial team and the opportunity to ask questions. SMEs were assured that in the majority of cases they will retain Intellectual Property rights, hopefully providing a boost to their long-term prosperity (as well as that of the UK).

Other SME "Engagement" actions taken include;

- ✓ Establishment of a relationship with the trade bodies that represent SMEs; i.e. Aerospace and Defence Suppliers (ADS), the Federation of Small Businesses (FSB), Team Defence Information and TechUK.
- ✓ The provision of a response to a request from the Federation of Small Businesses trade body (FSB) to contribute to and comment on their June 2019 report on Defence procurement: "Taking off; Opening up Defence Procurement". Notably FSB made comment in the report on Dstl's Searchlight programme as follows: "These types of events are particularly useful, as it allows SMEs who are not perhaps well versed in the world of MOD procurement an opportunity to showcase themselves, and it allows Dstl to see a wide range of SMEs without exposing sensitive details of contract opportunities. Ultimately, programs [sic] such as Searchlight hold an advantage over open calls, as they allow SMEs to engage physically rather than through online portals. This helps increase engagement between SMEs who are new to the defence sector and the buyer, as it also lowers the barriers and technical understanding sometimes needed just to navigate the online procurement systems.
- ✓ Under the Searchlight banner Dstl increased attendance at external events organised by others (aimed at the SME community) e.g. a major Dstl presence at Venturefest South 2019 with Dstl becoming a sponsor for future events.

Bowl brimming over with ideas at fest

Echo
Reporter

THE Agass Bowl in Southampton welcomed more than 1,000 people as Venturefest South returned for a third, and record breaking year.

The annual event brings together innovators, entrepreneurs, investors and businesses from across the south to share ideas, explore best-practice, showcase new technology and create deals to help develop and take local business ideas forward.

Not only did the event attract record numbers, it also succeeded in setting an event record with a total £90m worth of investment opportunities, including £45m pledged by Defence Science and Technology Laboratory (Dstl), available to innovators and entrepreneurs attending the event.

Chris Allington, chair of Venturefest South, said: "On behalf of the partners, I would like to thank all the innovators, entrepreneurs, investors, large companies and sponsors that help make this event the success it is.

"The south is a national economic asset which is unique in its research, scientific, technical and innovative capability. Success here resonates across the UK. Venturefest South is about driving economic growth by showcasing success, highlighting opportunities, connecting people and inspiring thinking. This year is the first time we are delivering massive opportunities for small and medium-sized businesses to engage with large organisations with big supply chains looking to work with innovative and dynamic businesses. We are also smashing records with more attendees, more sponsors, more investment opportunities and more excitement."

A not-for-profit partnership, Venturefest South supports the south's innovators by providing them with a platform to showcase



Venturefest 2019 at the Agass Bowl. Chris Allington (VFS), Ed Gould (Carswell Gould), Bruce McLalland (Innovate UK), Douglas Umbers (Dstl), keynote speakers Tom Phipps and Max Beech (Intro)

their cutting-edge innovations to investors, key influencers and potential business partners.

Some of the innovators and companies that exhibited at this year's show included:

DocHQ – an employee health-care benefit which helps improve company profitability by reducing sickness and presenteeism. Improving employee health and workplace wellness via fast medical support and occupational health.

HOLM – an 'Express Styling' service that takes only a few minutes, after which, the application recommends styles that best suit the shopper's body shape, fast tracking them from inefficient browsing to the enjoyment of choosing clothes they know will look great.



Proofer – a social media scheduling tool. After raising a pre-seed round, the product has been developed and launched and is quickly becoming recognised as the most easy to use solution on the market. Proofer makes man-

aging your social media accounts a breeze.

Last year, University of Southampton Aeronautics and Astronautics student, Connell McLaughlin, presented his innovation Route Reports. The application enables users to monitor roads, railways and vehicles. It warns them of predicted upcoming hazards such as potholes, overhanging branches and mechanical faults.

Venturefest South was created and developed by a group including: Solent LEP, Innovate UK, Carswell Gould, the Knowledge Transfer Network, University of Portsmouth, Southampton City Council, Solent University the University of Southampton, Basingstoke and Deane Council.

4.1 Strengthen our supplier engagement - What we are going to do?

- Further consult with and continue to listen to SMEs on the challenges which they face when engaging and doing business with Dstl. Gathering regular feedback about the experience of doing business with Dstl via our ongoing “Supplier Opinions” survey, to further inform and prioritise our action plan. [Dstl Supplier Opinions Survey](#)
- Review and improve the quality of the management information we hold about our direct suppliers, particularly their status as SMEs .
- Continue to engage / work with the various Trade bodies (ADS, FBS etc,) to understand and respond appropriately to current and evolving issues.
- Continue to influence / work with our Strategic Suppliers / major suppliers (Primes) applying further focus on how they engage, manage and support / SMEs in our (Dstl) supply chain. Ensuring improved engagement of SMEs through “proactive” identification of SME’s within the capability, for example by attendance and support to Searchlight and other face to face events, running their own capability specific events etc. Encouraging further advertising of market engagement and sub-contract opportunities including through the Defence Contracts Online portal.
- Continually Improve our market intelligence gathering and Knowledge Information Service (KIS) processes including how we collect information about SMEs from our supply chain (i.e. via prime contractors).
- Improve our early market engagement (EME) - make our future requirements (demand pipeline) and capability strategies available to the market place (Industry, Academia, SME’s etc.) earlier. Publishing requirements for our capabilities and of our forward acquisition pipeline on GOV.UK.
- Improve published guidance to help SMEs understand how to engage and work effectively with us, such as an improved guide to our framework contracts, a guide to bidding and a guide to security (GDPR, ListX etc).
- Encourage our acquisition teams to engage with the broadest applicable market. Through attendance at supplier innovation events, capability / subject based events e.g. expos and through the use of effective Dstl “Industry Days”; making these events as low barrier to entry for SMEs as possible (use of webinars etc. to reduce time and cost and anonymise questions). These “pre-procurement” events should enable prospective suppliers to find out more (ask questions), enable them to understand where they may wish to be involved / bid and also provides an opportunity to bring supplier expertise and innovation into the development of effective requirements.

- Work to further develop a collaborative culture within Dstl so that all staff consider opportunities to seek out SMEs to help solve technical challenges.
- Enable designated “technical” points of contact (via programme mail boxes), so that SMEs can talk to someone / explore opportunities on a technical level.
- Set up “collaboration lab” spaces where we will be able to collaborate and work together,
- Maintain networks with others (MOD, Government, Suppliers, Trade bodies) to identify other successful SME engagement initiatives that we might find helpful and participate / use as appropriate.
- Continue to engage with SMEs via Dstl Input to MOD policy and fora e.g. the Defence Suppliers Forum (DSF) SME group.

4.2 Procurement Policy and Process

The size and complexity of Dstl can be daunting for prospective suppliers, and especially smaller businesses working with us for the first time. This is why we are continually seeking ways to make our procurement policy and supporting processes simpler, more transparent, and more accessible.

What we have delivered

- ✓ Access to Dstl requirements and information on “how to apply/bid” for Dstl opportunities including those via our Primes (i.e. in the supply chain), via the DCO and on .gov at “How to sell to or work with Dstl”.
- ✓ Low barrier of entry to a significant number of Dstl requirements via Rcloud, Dstl’s Dynamic Procurement System (DPS).
- ✓ Simplified, plain English short-form contracts with narrative clauses rather than MOD DEFCONS for lower value, less complex procurements.
- ✓ Prompt payment by Dstl - demonstrating a success rate for payment of approved invoices within **5** days (at greater than 98% against a target of 80%).
- ✓ Confirmation that Dstl’s Prime Contractors (Strategic and Key suppliers) have subscribed to the Prompt Payment Code www.promptpaymentcode.org.uk thereby making a commitment to fair payment terms to suppliers (especially SMEs) within the Dstl supply chain.

- ✓ A commitment to continuous development of our commercial expertise and operational awareness of engagement strategies (including SMEs) through an ongoing programme of professional development, awareness fora and internal communications.

4.2 Procurement Policy and Process - What we are going to do?

- Investigate alternative methods for gathering market / supplier information to inform sourcing decisions, to streamline procurement process and reduce requests for information.
- Continue our internal communication campaign, to ensure that SMEs are considered at every stage of our procurement process.
- Continue to provide input to and influence the improvement of MOD commercial policy, with regard to the impact on SMEs. For example seek to address further whether the flow-down of specific contractual terms to smaller suppliers is appropriate, e.g. Limitation of Contractors Liability (LoCL) and Payment terms.
- Publicise / communicate and adopt new policy in a timely efficient and effective manner and seek feedback from SMEs to ensure that no inadvertent misunderstanding, barrier or detriment results, (survey ongoing).
- Strengthen the Dstl commercial assurance process, to ensure that barriers to SMEs are being sufficiently considered and where possible being removed from investment decisions, enabling more effective and increased engagement with SMEs.
- Continue to benchmark with industry and other government departments to identify and adopt examples of good practice which have enabled SMEs to enter the supply chain (use of GCO Khub groups and direct networking etc).
- Ensure that our strategic suppliers consistently advertise sub-contracting opportunities on the Defence Contracts Online www.contracts.mod.uk when they are forming / refreshing the supply chains.
- Regularly confirm that Dstl and Dstl's Prime Contractors (Strategic and Key suppliers) are meeting their prompt payment commitments.

4.3 Doing Business with Dstl

We want to make it “easier to do business with Dstl”, removing barriers where we are able, particularly for innovative small and medium-sized enterprises (SMEs) and non-traditional defence suppliers (NTDS).

What we have delivered:

- ✓ Comprehensively updated the guidance and information on the web at: [How to sell to or work with The Defence Science and Technology Laboratory \(Dstl\) - GOV.UK](#) which includes access to Insight (the Dstl magazine for suppliers). Enabled the facility to follow us on Twitter [@dstlmod](#), the feed highlights upcoming opportunities and market engagement events under the Searchlight banner and also re-tweets the MOD’s Twitter channel ([@defenceproc](#)) to provide info on MOD events and provide regular tips for smaller businesses wanting to engage with Defence.
- ✓ Improved access to and communications regarding the refreshed Supplier Portal, hosted on Defence Contracts Online [www.contracts.mod.uk](#) which provides rich information on contracting opportunities, market engagement events etc.
- ✓ Provided access to and improved functionality of the Defence Contracts Online Portal to enable our Prime Contractors to advertise market events and Dstl supply chain opportunities.
- ✓ Held Searchlight events and attended other events, (such as Venturefest) specifically targeted at SME’s, providing opportunities to discuss working with us and attend workshops on “Barriers to Entry” and “Bidding in to Dstl”.
- ✓ We have Tweeted and also Linked In videos of SMEs comments on working with Dstl to show its actually quite enjoyable and not as painful as might be first expected.

4.3 Doing Business with Dstl - What we are going to do?

- Continue to gain understanding of the issues / barriers, developing, iterating and prioritising actions to mitigate and reduce them.
- Continue to provide and improve guidance to prospective suppliers seeking to do business with Dstl.
- Continue to have a presence at trade exhibitions and events across the UK (including Searchlight, DSEI, DPRTE) giving suppliers an opportunity to obtain direct support and advice.

- Refine / Improve materials for further workshops on “Bidding in to Dstl” and deliver at future engagement events, and provide these “on demand” via the Dstl How to do Business with Dstl.Gov pages.

4.4 Innovation

Innovation in new science and technologies (S&T) is creating both threats and opportunities for the UK’s security and prosperity and is therefore vital to maintaining military advantage. We really want to encourage innovation in our S&T business and attract new and non-traditional suppliers, including SMEs, at all levels in the defence supply chain. Our customers have put innovation and agility high on their agenda and we expect this to be reflected in their future requirements.

What we have delivered

- ✓ Dstl Commercial Services supports The Defence and Security Accelerator (DASA), DASA focuses on innovations which can provide advantage to defence and national security, and holds regular funded “Themed and Open” competitions to address specific Innovation challenges.
- ✓ Provided input to and ensured awareness by Dstl Commercial staff of the MOD’s “Promoting Innovation A How To Guide for innovation in procurement and getting on contract quickly.”
- ✓ Initial guidance to Dstl Commercial staff re empowerment and management of risk to further enable / encourage innovative behaviours. It is recognised that the success of an innovation project relies heavily on the behaviours of those in the team. The ability for the team to have a high degree of trust and to work in a collaborative way is essential. This requires very strong leadership and a commitment from everyone (including our suppliers) to work in a pragmatic and flexible way. It requires a will to exploit legally available but non-traditional means of procuring rapidly to fulfil a need in a better way. It requires everyone in the team to be entrepreneurial, including those setting requirements and engaging with industry, those placing and managing the contracts and our suppliers. A behavioral barrier to innovation would be being extremely risk averse. While understanding the risks is essential, an open approach to who and how we manage or indeed tolerate risk is important to support the innovation environment and capitalise on opportunities.

4.4 Innovation - What we are going to do?

- We will continue to actively seek innovative approaches to requirements, including through DASA .
- We will continue to identify and share best practice to encourage innovation, within Dstl, the wider MOD and with our suppliers.
- We will explore opportunities to advertise Dstl requirements more broadly such as in trade journals or on websites.
- We will encourage collaboration. Appreciating that smaller companies or groups of Small and Medium sized Enterprises (SMEs) can meet the requirement if they work together collaboratively. For example by making sure that our Contract Notices makes it clear that the opportunity is suitable for consortia to tender for and that when assessing companies, understanding that it may not always be necessary to have a Parent Company Guarantee, especially for small companies.
- We will improve our statement of requirements to be output focused as opposed to highly technically specified and encourage and consider variant bids where able to do so.
- Ensure that the policy position on Limitation of Contractors Liability does not mitigate against the bringing forward of Innovative solutions by highlighting the issue with MOD policy and by fully supporting the review of MOD's current position.
- Reach out to other parts of the MOD with specific interest in innovation (JHub and FLC Innovation Hubs) to ensure the capture of opportunities for Dstl with innovative suppliers particularly SMEs.
- Ensure project and commercial staff (particularly those with specific capability focus), keep currency with the latest innovations in their field of expertise, through attendance at external Innovation events / symposia / expo's and supplier technology update meetings and that information, contacts etc. are bought back into Dstl where Knowledge Management processes are applied and it is captured and shared / made widely available.
- Continue to develop an "Innovation" culture where staff are "innovative by instinct" and where ideas are rapidly generated and exploited.

Section 5 Future Procurement Opportunities

What we have delivered

- ✓ A view of our capability areas prioritised for increased external delivery (spend) in 2020 / 2021.

5 Future Procurement Opportunities - What we are going to do?

- Publish a Dstl Procurement Plan.

We aim to improve early visibility of the opportunities to work with us for all potential suppliers but especially for smaller businesses through the future publication of a Dstl Procurement Plan. This document will explain to existing and potential suppliers what Dstl's future requirements are, describing what Dstl will be looking to buy (subject to confirmation of budget) on behalf of its customers in the coming year(s).

Noting that; direct contracting opportunities are advertised via the the [DCO](#) as are many sub contracting opportunities and engagement events, opportunities to work with us will also continue to be available through Dstl's existing frameworks and contracts, we strongly suggest that interested parties engage via the contractors' own websites. Details of which and other information about "How to sell to or work with Dstl" can be found at:

[How to sell to or work with The Defence Science and Technology Laboratory \(Dstl\) - GOV.UK](#)

And / or join us on social media:



Feedback or suggestions for improvement of the Dstl SME Action Plan are welcome and should be submitted to: SRM@dstl.gov.uk