

## SHARED SERVICES

### BUSINESS DESCRIPTION

Shared Services provides business support and professional services across BAE Systems and its partner companies, and to external customers.

Business support services are important enablers of our customers' operations. The optimised common processes used by our support businesses are the key to ensuring that employees and businesses receive a quality and cost effective service experience.

Professional services are knowledge-based, tailored to customer needs and focus on added value shared access to critical expertise.

### LOCATIONS COVERED

UK and part Global

### NUMBER OF EMPLOYEES

1,500



### HIGHLIGHTS FOR 2009

- Savings of £120m committed to BAE Systems businesses (2009-2014) with a further £180m targeted; principally through: transforming the MAS IT service provision model, IPS securing long term pricing on future energy demands, cost savings in facilities management and through self-funded Lean activities in technical publication services.
- Enhanced BAE Systems' reputation as a leading technology company through the Advanced Technology Centre – at the 2009 DSEi exhibition, through the Technology Brokering campaign, the Big Bang Science fair and UK Sport partnership; secured a position on all five MoD Capability Vision initiatives and on the UK Home Office's Crowded Spaces programme.
- Insurable Risk exceeded benchmark performance in 63% of evaluated areas; made 42% annual premium savings integrating business acquisitions into global programmes; saved £500k on Marine renewal and £1.093m over 7-year T45 contract.
- Design & Construction Solutions won the £3.8m Nimrod Partnered Support facilities prime contract; supported energy initiatives with Strategic Capability Solutions.
- Enterprise HR Services delivered an enhanced UK recruitment service.
- Enterprise IT Services introduced a new "secure email" service and completed BVT's transition to our managed IT service.
- Property and Environmental Services achieved key planning consent to regenerate the 2,200 acre Bishopton site, Scotland.

### KEY PRIORITIES FOR 2010

Last year we launched a service excellence framework which we are embedding within all our businesses. This framework is supported by a capability maturity model and a capability toolkit which will help us develop our service excellence skills, as we address both the output and experience elements of the service equation this year.

#### Continuous Improvement

During 2010, Continuous Improvement activity will focus on service excellence, sustainability and the further deployment of Lean and Six Sigma methodologies across the business.

We will have further opportunity to share and adopt Best Practice among our finance and accounting support teams with the change of reporting of Global Combat Systems' Glascoed-based Finance Shared Service Centre (FSSC) into Shared Services. Customers will see further benefits from this change, including: improved customer experience, reduced cost and extended services.

Likewise, we are delighted to welcome new colleagues from Logistics & Information Services, who support the demands of availability-based contracting, to further enable us to deliver effective solutions to customers.

The concept of "user experience" is being applied as part of an action plan for Finance customers and as a commitment from Insurable Risk to implement all actions from its 2009 qualitative benchmarking analysis.

Our Insurable Risk team will further develop its North America capability, and begin to extend this consistent professionalism in all home markets with particular emphasis on Australia and Saudi Arabia.

There will be further progress on a new Enterprise HR Information System for BAE Systems UK businesses, and continuous performance improvement in existing HR service provision arrangements.

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### KEY PRIORITIES FOR 2010 (CONTINUED)

In 2010 we will continue to deliver and enhance early career programmes including a major extension of our successful Schools Road Show programme delivered in partnership with the UK Ministry of Defence and Royal Air Force.

Across our businesses, we will continue our progress to SHE Maturity Matrix level 5 and work towards achieving our goals across the Corporate Responsibility agenda in areas such as responsible business conduct, environmental sustainability and diversity and inclusion. We will also complete implementation of advisory recommendations arising from last year's Investors in People accreditation.

Throughout the year we aspire to deepen or extend our support to home markets by sharing best practice in governance, technology, facilities and infrastructure.

#### New Services

Shared Services is uniquely placed to support BAE Systems Business Units in understanding their energy usage, and to propose energy saving solutions for sustainability and cost reduction.

In 2010, UK Business Groups will benefit from a more personalised, accessible and affordable approach to IT delivery through our new 'My IT' service offering.

To deliver 'My IT', an enhanced sourcing strategy will be developed, which means not being bound to one supplier, but using the best vendor for the job.

To further meet business needs for IT agility, we are evolving "private cloud" computing – a commitment-free approach which allows us to rapidly generate new virtual IT infrastructure to support business applications.

Next Generation File Service and the new "My IT" Desktop will be rolled out to help us connect, collaborate and communicate in the UK and globally, while managing information access to the most exacting legal standards.

The introduction of high-definition and "telepresence" video conferencing will further enhance the Company's global reach, while reducing the need for business travel.

#### Our Businesses

All our businesses have ambitious plans and objectives for the future and the following offer a few examples of where Shared Services may be making the news in 2010:

Improvised Explosive Devices are a major threat to military personnel serving in Afghanistan and we are proud that our Advanced Technology

Centre is playing a crucial role in developing technology solutions to protect our forces serving in the region.

Rapid technology exploitation will continue to be a major thrust, as will work to secure industrial partnership and collaboration around reducing the impact of wind farms on radar systems, thus enabling the successful deployment of this important form of renewable energy. We will deliver the 2010 Integrated Technology Programme and continue the already productive Detica partnership to pursue the security sector.

Working as an integrated Shared Services team, Design & Construction Solutions and Property & Environmental Services (PES) have key milestones to deliver in support of Project MASS at Radway Green, Birtley and Glascoed, thus enabling Global Combat Systems to progress what is an important long term partnering agreement to supply ammunition to the UK customer.

The PES Real Estate team also has value opportunities to realise at sites such as Great Baddow, Cowes, Filton and Northfield. Workplace Services will develop capabilities to service potential new customers, including Detica.

Design & Construction Solutions will progress its energy business proposition in conjunction with Strategic Capability Solutions and complete its Nimrod contract commitments. It will continue to support CS&S International in the delivery of specific Saudi projects and provide support services for Australian facilities requirements.

Unprecedented investment levels particularly in support of MAS F35 and GCS MASS projects drove the Indirect Procurement Services (IPS) capital project teams very hard last year and 2010 will be equally demanding as IPS manages growth in customers' infrastructure projects.

IPS will continue supporting Surface Ships and Detica through business integration, and further embed sustainable supply chain processes and supplier performance feedback on utilising its "Quality, Cost, Delivery Relationship" toolset. IPS will continue to embed its Supplier Financial Vulnerability process to help de-risk supplier contracts.

Operational delivery, governance and financial performance are the continued focus for Customer Information Services (CIS). CIS will also focus on partnering and customer satisfaction whilst concluding its Lean studies within MAS, identifying further customer benefits and savings.