

# Winning the defence techn



THE “BATTLE FOR the Pentagon,” as presented in the February edition of *The Economist*, offers a provocative glimpse into the shifting landscape of defence procurement and innovation. This contest resonates far beyond the halls of Washington. For Australia, the implications of this contest are both multifaceted and consequential. At its core, the debate revolves around the infusion of new technology firms into national defence, as evidenced by the recent deal between Anduril Industries and the US Government, which saw Anduril take over the Microsoft IVAS (Integrated Visual Augmentation System) contract. This move signals a broader realignment in the defence industrial base, one that holds significant lessons and opportunities for Australia.

**ABOVE: In a rapidly evolving security environment characterised by the dual challenges of state-based adversaries and rogue nations, co-operation among allies is essential.**

*Image: Australian DoD*



The Anduril deal is emblematic of a larger trend: a pivot towards embracing agile, innovative technology firms that promise to infuse fresh capabilities into military systems. Anduril, a company known for its rapid development cycles and advanced technologies such as

AI-driven surveillance and autonomous systems, now finds itself at the heart of a high-stakes contest for technological supremacy. For Australia, whose defence policies have increasingly underscored the need for a technological edge in the Indo-Pacific region, the rise of such companies represents both an opportunity and a challenge.

On one hand, the involvement of companies like Anduril could catalyse innovation in Australia’s defence sector. The partnership models and agile practices pioneered by these firms can serve as a blueprint for future collaboration between the Department of Defence

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(DoD) and its defence ‘prime’ commercial partners. Furthermore, the infusion of cutting-edge technologies has the potential to significantly enhance Australia’s surveillance, reconnaissance and combat systems, thereby bolstering its strategic position vis-à-vis regional threats. By learning from the US experience – where non-traditional defence contractors are increasingly vying for influence – Australia can recalibrate its procurement strategies to better leverage innovation while ensuring interoperability with allied systems.

However, the scenario is not without its complexities. Despite the technological promise that these firms offer, a critical challenge remains: many of them still do not have ‘programs of record’ with the US DoD. In practical terms, this means that while they are capable of developing breakthrough technologies, they often struggle to integrate these innovations into established warfighting systems. The absence of a formalised, long-term engagement with the US DoD can hinder the scale-up and full rate production of these technologies – capabilities that are essential for meeting the rigorous demands of modern military operations. For Australia, this gap underscores a vital lesson: innovation alone is insufficient without the robust backing of established defence primes, which can ensure that cutting-edge technology is not only developed but also delivered at speed and scale.

This dependency on traditional defence primes – companies with extensive experience in integrating diverse systems into cohesive operational platforms – is critical. Primes bring the necessary scale, expertise and logisti-

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cal support to the table, ensuring that innovations are seamlessly integrated into the broader strategic framework of defence operations. That said, defence policymakers must ensure that primes, with their cumbersome processes and decision-making, do not inadvertently stifle the very innovation that the new technology firms are championing. For Australia, striking the right balance is crucial. The nation must foster an ecosystem that not only nurtures technological innovation but also facilitates effective collaboration amongst primes, technology companies, and critically, the sailors, soldiers and aviators that ultimately use them.

The implications for AUKUS Pillar II, which focuses on technology and industrial collaboration between the US, UK and Australia, are particularly noteworthy. AUKUS was established with the explicit aim of countering the technological advancements of adversaries and ensuring that allies remain ahead of emerging threats. In this context, the integration of innovative firms into defence supply chains could provide a significant boost to the collective capabilities of the alliance. However, the current reality – with many such companies lacking the institutionalised processes required to embed their

innovations within critical systems – serves as a cautionary tale. For AUKUS Pillar II to fulfil its potential, all member nations, including Australia, must work closely with both new entrants and established defence primes. Only through concerted collaboration can they overcome integration challenges and harness the full spectrum of technological advances.

Moreover, the broader strategic message is clear: the US and its allies must reject a zero-sum approach to technological advancement. In a rapidly evolving security environment characterised by the dual challenges of state-based adversaries and rogue nations, co-operation among allies is not a luxury but a necessity. The Battle for the Pentagon is not merely an internal contest among American companies; it reflects a global race for technological superiority that has profound implications for collective security. Australia, as a key partner within this network, must champion initiatives that encourage interoperability and collaboration. By engaging with both innovative start-ups and established defence primes, Australia can help ensure that its strategic partnerships are robust enough to outpace adversaries. **DTR**