

INTERVIEW

WILLIAM H SWANSON
RAYTHEON CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Raytheon is positioning itself beyond its traditional strengths and plans to make the company synonymous with cyber security and information assurance, according to chairman and chief executive officer William H Swanson.

Swanson said that it had become clear to the company, as a systems integrator that “thrives on innovation”, that the development of information assurance technologies had become critical in order to provide mission assurance.

“What is key in all this is information assurance, which is really a natural extension of mission assurance. Whether you are on the military side, the defence side or the civilian side, people have a mission – and for that mission to be successful, whether it be defence or commercial, the networks have to be protected,” Swanson said.

“We have a long history of protecting critical IT infrastructures, but there is more of a push now on how the network remains up and running and not breached. ... People are beginning to realise that ones and zeros are like a bag of money and if you don’t treat those ones and zeros like a bag of money you are not protecting it.

“So when people are having breeches, I think it is really because they don’t realise how that information can and will be used – and not by nice people.”

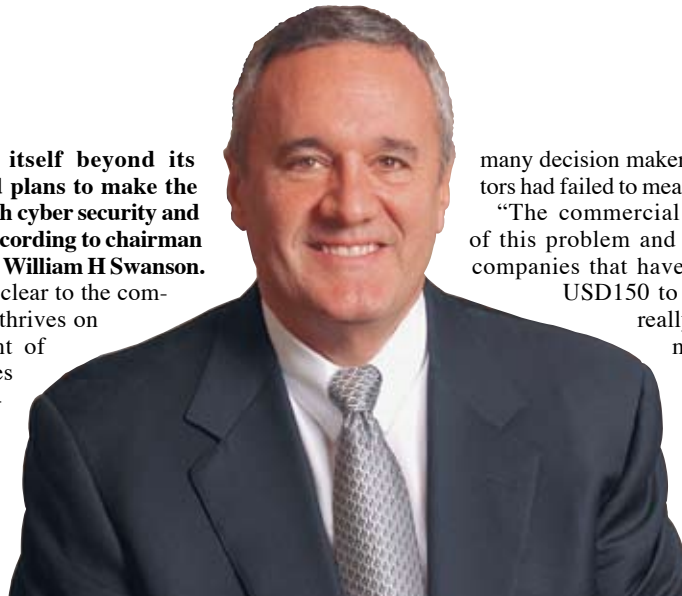
To strengthen its capabilities in information security, in October 2007 Raytheon completed the acquisition of Oakley Networks: a provider of cyber security and data leakage prevention systems that now operates as Raytheon Oakley Systems within Raytheon’s Intelligence and Information Systems (IIS) business unit.

Also brought under the IIS umbrella was SI Government Solutions: a provider of proprietary software security solutions following its acquisition by Raytheon in April 2008.

Swanson said that, as the company continued to focus its efforts on the emerging cyber security market, the further acquisition of companies providing niche solutions was not out of the question.

“Oakley was looked at from a self protection point of view – it’s more of a forensic engineering analysis of your networks and protection of data. SI Government is really an outstanding firm in the vulnerability analysis side and when you couple that with our capabilities it brings more strength – so we are looking at niche acquisitions in that area to continue to make us stronger.”

Swanson said that while recent media reports of co-ordinated attacks on government networks, such as the denial of service attacks against websites in Estonia in April 2007, had raised awareness of the issue,



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‘Every company ought to realise that there is a risk to cyber security’

many decision makers in the commercial and defence sectors had failed to measure the risks.

“The commercial side is just starting to get aware of this problem and there are a number of commercial companies that have had breeches that have cost them

USD150 to USD200 million. That’s when you really get religion – when it costs you that

much money. Up until that point you run the risk. And from my standpoint, every company ought to realise that there is a risk to cyber security, that risk increases every day and firewalls are not good enough.

“This is too important a subject. It’s different from our normal market of effects, sensors, C4I or mission support – because those are our four biggies – but this weaves a thread through every one of them. And I would like people to know the Raytheon shield is there protecting them.”

Swanson said that the move to strengthen the company’s cyber security credentials was not driven by an expected downturn in defence in the near to medium term, noting: “It is really about looking at what’s our strategy that we need to have to be able to provide the capabilities that our customers are going

to need one, two, five or 10 years from now and this capability is really going to be required – it’s going to go up exponentially.

“There’s a great quote ... from Wayne Gretzky, the world renowned [ice] hockey player, who ... said: ‘You have got to skate to where the puck is going to be, not where it is.’ From that standpoint we are trying to skate to where the puck is going to be in the future.”

Swanson said this would allow Raytheon to take advantage of ebbs and flows in defence markets around the world and also correctly focus the company, which in turn would provide “safety valves”, allowing it to keep delivering growth and returns for shareholders.

As an example of a key non-US programme, Swanson cited the UK’s 10-year, USD1.5 billion e-Borders programme to develop and install an electronic passenger screening system for air, sea and rail passengers entering and leaving the country.

An increased focus on information assurance could also help the company meet its ambition of increasing its domestic/international market share from 80-20 (80 per cent domestic, 20 per cent international) to a 75-25 mix.

“I want to make sure that Raytheon has the full spectrum that we can offer our customers – and that will make us different and we are doing that. Because when you think of information assurance, mission assurance, I want the next word to be Raytheon, Raytheon assurance. That’s why we need to continue to do more and establish our brand in that area.”

Tony Skinner JDW Features Editor, London