



Australian Government
Department of Defence



Defence Innovation Hub

Industry Information Guide



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Defence Innovation Hub – our purpose

Delivering Defence capability through Australian industry growth and innovation.

- Are you exploring new technologies that could have a Defence application?
- Do you want to work with Defence to develop your idea?

The Defence Innovation Hub (the Hub) invests in innovative technologies that can enhance Defence capability and grow the Australian defence industry and innovation sector.

The Hub has been allocated over \$1 billion in funding to 2030 to invest in the development of innovative technology by Australia's innovation sector.

All Australian business, academic and research organisations (with an ABN or NZBN) can submit proposals at any time through the Hub's online portal: www.innovationhub.defence.gov.au/how-to-proposal/

If your proposal is of interest to Defence, you may be offered an innovation contract that covers the development costs of your technology.

A Defence contract sends a positive message to potential customers and investors about the value of your technology.

The Hub invests in a broad **range of technologies at different phases of maturity** – from the early concept stage through to demonstration, prototyping and integration.

What does the Hub want?

The Hub seeks submissions for innovations that will strengthen Defence capability in areas of strategic importance.

Innovation priorities

Industry and research organisations can submit proposals across Defence's operational domains of **Information and Cyber, Maritime, Air, Space, Land** and **enterprise wide enabling capabilities** as outlined in the 2020 Force Structure Plan.

Key focus areas

While submissions are welcome across Defence's capability domains in 2022/23, the following key focus areas will be a high investment priority for the Hub:

- **guided weapons and explosive ordnance (GWEO);**
- **integrated air and missile defence (IAMD); and**
- **undersea warfare.**

For detailed information about the specific types of capabilities Defence is seeking visit the Hub's website: <https://innovationhub.defence.gov.au>

More information on the Hub's key focus areas will be provided on the website in the lead up to 1 July.



The Hub's innovation priorities are reviewed annually to ensure the technologies the Hub is investing in are strategically important to Defence.

How should I pitch my innovation?

Your proposal needs to clearly articulate your technology, its benefits to Defence, the maturity of your innovation and the work you will be conducting to develop it.

When developing your proposal you also need to explain what you need from Defence to deliver your innovation. For example are you going to need a Collins-Class submarine, a lab or testing range? What you need from Defence to deliver your innovation will depend on the investment phase and the Technology Readiness Level (TRL) (refer to www.dst.defence.gov.au) that you are aiming for.

All proposals are brought in under one of four phases depending upon the maturity of the innovation. The diagram below shows for each investment phase, the amount of investment and the length of contract you may receive if you are successful.

When writing your proposal, stick to an investment phase. Proposals that span phases are unlikely to succeed.

Investment phase	Actual value range	Indicative timeline	TRL
1. Concept exploration The focus of this phase is to explore your proposed innovation and demonstrate how it will be matured.	\$50k-\$1.7m <i>Average: \$340k</i>	Contract delivery 2-12 months	1-3
2. Technology demonstration The focus of this phase is to demonstrate the concept, which may include analytical or laboratory studies and testing.	\$100K-\$5.4m <i>Average: \$1.8m</i>	Contract delivery 1-3 years	3-4
3. Prototype system The focus of this phase is to develop a prototype in a system context with an increased focus on systems engineering principles.	\$300k-\$7.9m <i>Average: \$3.1m</i>	Contract delivery 1-3 years	5-6
4. Integrated Capability Development The focus of this phase is to demonstrate the prototype in an integrated and relevant capability environment (e.g. in an aircraft, ship, network etc.).	\$700k-\$8.7m <i>Average: \$3.7m</i>	Contract delivery 1-4 years	6-8

Is the Hub right for my idea?

If you believe your innovative idea is of interest to the Hub, here are some things you should consider before submitting your proposal.

Explore and understand the Hub's innovation priorities

You understand your technology, but do you understand what areas are important for Defence?

Understanding if your technology aligns with the Hub's innovation priorities is a key step when applying through the Hub for support.

Talk to people in the know

Take advantage of opportunities to interact with Defence Capability Managers at events and tradeshow. Connecting with Defence will help you to explain your technology, the benefits it offers and how it aligns with Defence's capability needs. The Office of Defence Industry Support (ODIS) can assist you. Please visit the ODIS website or call 13 26 46 to find out what services are on offer.

Engaging and collaborating with organisations in the Defence innovation system can also help fill knowledge gaps, especially about Defence procurement and how to access supply chains.

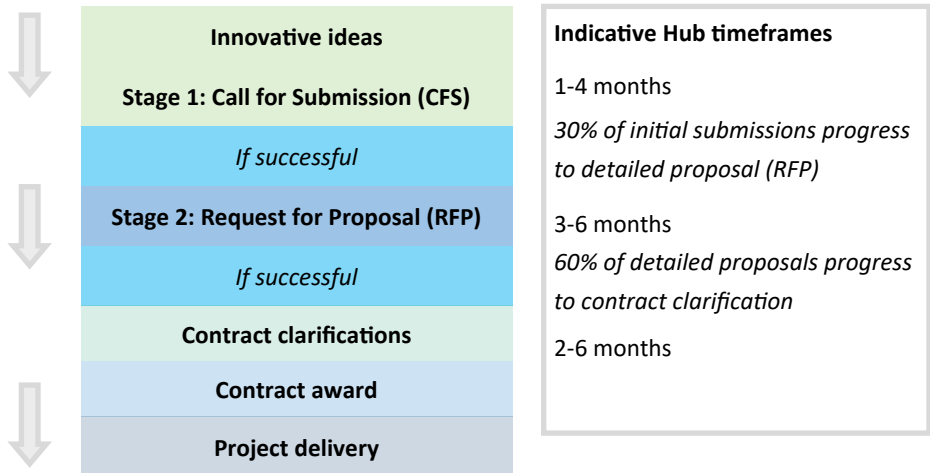
Analyse your innovation

It is important for you to reflect on and analyse your innovation. Ask yourself:

- Is it unique and does it offer benefits over existing Defence capability or other technologies available on the market?
- Is my technology ready for development, engineering or testing and not already commercially available?
- Is my innovation feasible in terms of the technology itself, the execution of the scope of work or easily integrated into Defence capability?
- What support do I need to develop my technology, such as funding, time, personnel, information and expertise and access to Defence facilities or platforms?
- Will my innovation significantly contribute to Australian Industry?
- Does my organisation have the capability and capacity to deliver the innovation successfully?

What is the Hub's assessment process?

Proposals submitted through the Hub's online portal undergo a rigorous two stage assessment by experts across Defence.



A competitive two stage assessment process is used to ensure the investment decisions have the highest potential for success.

- Stage 1 (CFS): an assessment of an initial high level explanation of the innovation.
- Stage 2 (RFP): an assessment of a detailed proposal that outlines specific activities and outcomes to be completed, benefits and risks.

At each stage, proposals undergo a technical assessment and are reviewed by experts in Defence, including Defence's Capability Managers and Defence Science and Technology Group. As you progress through the process, the more detailed information you will be asked to provide and the more rigorous the assessment process.

If you are awarded a contract, Defence's Capability Managers will play a critical role in working with you to support and review the project through the delivery phase.

The Hub can provide you with feedback on your proposal if you are unsuccessful. This will help you consider what you can do to strengthen your future proposal.

What evaluation criteria are used?

At each stage, your proposal is evaluated for:

Suitability

- Does it clearly articulate and explain the proposed innovation?
- Is it unique and provides a new or enhanced capability?
- Does it improve Defence's effectiveness and/or efficiency?

Feasibility

- What is the current technology readiness level and are the claims made about its feasibility credible?
- What level of effort is required to implement the technology into the relevant Defence system or platform?
- How can the technology be applied to a platform or system that is readily available for modification?

Timeliness

- Does the anticipated timeframe align with the timeline for relevant Defence capability requirements?

Contribution to Australia's defence industry

- Will the project create or retain jobs in Australia?
- How do the skills and technologies developed through the project align with Defence sovereign capability priorities?

Organisational capability and capacity (RFP stage only)

- Does your organisation have the appropriate level of project management capability?
- Is your organisation financially viable?
- Has your organisation and key staff had experience delivering similar projects?

Balance of investment

- The Hub also considers how your proposal sits within the Hub's broader investments to ensure there is a responsible balance of investment across Defence's domains.

At the RFP stage: additional considerations include cost and value for money. Find out more about the evaluation process: www.innovationhub.defence.gov.au/using-this-site/resources/

How does an innovation contract work?

The innovation contract is designed to incentivise industry to showcase innovative technology and develop it for the benefit of Defence.

The Hub's innovation contracts are different to traditional Defence contracts. They are tailored and simplified to facilitate the development of innovative technology. Innovation is inherently risky, and there may be insurmountable obstacles faced that mean the technology being developed cannot be achieved. That is why our innovation contracts require that you use 'best endeavours' to deliver the technology. Where we can, the Hub will work with you to try and overcome problems so you can do all you reasonably can to achieve the contractual outcomes. Another key feature of the innovation contract is that ownership of intellectual property remains with you.

The innovation contract is a cost reimbursement contract. This means that Defence funds allowable and reasonable costs directly linked to research and development activities to develop the technology, but does not fund indirect overheads or profits.

What does the innovation contract pay for?

The innovation contract funds your research and development activities. Under the contract the following costs **are** covered:

- direct research and development costs;
- salaries for nominated personnel for the period of the project;
- costs of materials and technology necessary to complete the project;
- direct overheads such as employee administration and equipment (i.e. computers and stationery); and
- salary on-costs such as superannuation, leave loading and payroll tax.

The innovation contract **does not** cover:

- profit margin;
- contingencies or reserves; and
- indirect overheads not attributable to the development of the funded technology such as equipment depreciation, utilities and corporate headquarter costs.

View the Hub's standard contract terms: <https://business.gov.au/odis/innovate-in-defence/what-happens-after-you-submit-an-innovation-proposal>

What happens during my Hub contract?

As part of your contract with the Hub you will be assigned a project manager to support you throughout the contract and help facilitate engagement with your capability manager and arrange access to any government furnished equipment, facilities or expertise included in your contract.

Protecting your intellectual property

The Hub recognises the critical role that intellectual property (IP) plays in incentivising innovation.

The Hub's IP framework seeks to remove barriers to innovation, facilitate collaboration and balance risks.

The Hub knows how valuable your IP is to your business and that is why you get to keep it. However if there are compelling reasons to do so, such as national security, Defence may seek to retain the foreground IP or the IP produced under your innovation contract (in practice, this is very rare).

Importantly, the Hub protects all of your commercially sensitive information from the moment you submit a proposal. View the Hub's IP strategy <https://business.gov.au/odis/innovate-in-defence/what-happens-after-you-submit-an-innovation-proposal>

Defence does require access to IP through licencing arrangements for capability development activities, but you retain the rights to own and commercialise your IP and technology.

Security considerations

Within a Defence contract there are collective obligations to contribute to the security of our people, information and assets.

Depending on the nature of your innovation and how it pertains to national security, extra security controls may be required. You should understand your obligations in line with the Defence Security Principles Framework (DSPF).

This could be membership of the Defence Industry Security Program (DISP) which is open to Australian business looking to become part of the Defence Industry supply chain. To find out more visit the DISP website: <https://www.defence.gov.au/security/industry>.

Prior to entering a contract, the Hub will provide further advice on security controls for your project.

What happens after my Hub contract has concluded?

Your innovation journey may continue at the end of your innovation contract. You may have options to develop your technology further with the Hub, sell your new innovation to Defence or commercialise it.

An important feature of the innovation contract is that, should there be merit in the technology that is delivered to Defence, then Defence may request you to submit another proposal to continue the development of the technology to a higher maturity level under a further phase.

When your technology is ready for use, acquisition by Defence is a possibility, however, acquisition decisions are made through separate processes that you will need to navigate. In some cases you may be able to participate directly in acquisition tendering processes, or you may need to form alliances with other companies.

Potential acquisition pathways are considered as an integral part of the evaluation process for every Defence Innovation Hub proposal.

Since the Defence Innovation Hub began operations in 2016, many technologies developed under this program have either resulted in a contract with a Defence acquisition program, been employed in Defence training exercises, or are undergoing final stages of testing and evaluation.

A recent example of a Defence Innovation Hub technology transitioning into acquisition programs is AVT Australia's sensor gimbal system, which is being integrated into the tactical uncrewed aerial system being acquired under LAND 129 Phase 3.

As the innovation owner, you can discuss your technology and negotiate with other buyers, including governments and companies in Australia and overseas. However, before you commence exploring potential commercial and overseas markets for your technology, you should understand your obligations under Defence's Export Controls program.

If you need support to understand the Defence acquisition process or learn more about how to gain access to Defence acquisition programs or other funding mechanisms, please visit the ODIS website (<https://www.defence.gov.au/business-industry/finding-opportunities/office-defence-industry-support>) or call 13 26 46 to find out what services are on offer.



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