

Written Evidence submitted by Thales

Introduction

Thales is a global defence and technology business operating across the Defence, Digital and Identity Security, Aerospace and Space markets. Worldwide we employ over 80,000 people across 68 countries, with over 7,000 people in the UK, across all four nations.

The enduring aim of Thales is to exploit technology for the nation's benefit. Our high-tech solutions, services and products help companies, organisations and governments to achieve their goals and ambitions from delivering the UK's passport and driving licenses, being a founding member of the Aircraft Carrier Alliance, and providing the eyes and ears for our Armed Forces through our expertise in optronics and sonar.

Thales focuses on bringing high tech jobs that drive balanced, sustainable growth, and contribute to building inclusive economies, and delivering prosperity to people everywhere across the UK.

Thales in Wales

- Thales's presence in Wales is centred on our Ebbw Vale campus- home of the National Digital Exploitation Centre (NDEC) and ResilientWorks facility- with some additional activity at West Wales Airport where the site specialises in Uncrewed Aerial Vehicles (UAVs), including the Watchkeeper UAV programme for the Ministry of Defence.
- Through our activities in Ebbw Vale, and drawing in blue chip partners, we want the South Wales Valleys to become known as an area of excellence for cyber security and operational technology in the UK and globally. The NDEC and ResilientWorks has been supported by a joint investment of over £20 million from Thales and Welsh Government, and Thales' Global Centre of Excellence for Operational Technology exists there as a cornerstone of our cyber capabilities within the UK.
- The first research and development facility of its kind in Wales, it provides the perfect setting for SMEs and microbusinesses to test and develop their digital concepts whilst big multinationals and Critical National Infrastructure owners and operators can benefit from use of the research and development lab to develop major technology advances and exploit the global opportunities of digital transformation.
- It was the Watchkeeper Uncrewed Air System that first brought Thales to West Wales Airport, and as a result has built up a significant skills and knowledge base. The facility has received £12 million of investment from Thales in the UK since 2004 and is located in the largest area of segregated airspace for UAV operations in Europe.
- The Watchkeeper Facility in Aberporth is the cornerstone of Test and Evaluation of the British Army Uncrewed Air System and utilises the local infrastructure and environment ideal for testing and experimenting with Autonomous Systems. The partnership with the local Aberporth MOD range, QinetiQ, West Wales Airport and local suppliers is key to sustainment of this unique capability in Wales. In addition the Watchkeeper Facility supports maintenance and sustainment of the Uncrewed Air Systems as well as undergoing Training. West Wales Airport will remain the UAS trials and training Centre of Excellence for the Watchkeeper Mid-life extension.
- For Thales, transformative technologies are our future; Thales can be a natural partner for both Welsh and Central Governments in providing highly skilled jobs in Wales, demonstrating the

possibilities of a STEM career, utilising R&D to drive economic growth and being a key anchor to ensure Wales is well represented on significant central Government projects.

How important are the defence manufacturing and cyber security sectors to the economy in Wales?

- Thales believe that South Wales has huge potential in the cyber security space and, subsequently, has seen significant investment from Thales in recent years. We currently sustain nearly 100 direct jobs with an estimated additional 700 indirect and induced jobs in the country and this is expected to grow in the future, and we contribute £47million to Wales' GDP annually.
- In 2022, Thales used 26 suppliers in Wales, 65% of which were small, medium or micro businesses, with over 200 purchase orders and a commitment of over £18 million.
- Primes in the defence and technology sectors- like Thales- can act as an anchor to support an ecosystem of SMEs in the area, both through supply chain procurement along with partnering, the sharing of spaces and resources, for example Thales in Ebbw Vale has worked closely with Welsh companies including Protecht and Awen Collective.
- Beyond the importance of the defence and cyber security sectors in and of themselves is the support that the sector can give to the wider business community to strengthen their cyber security, reduce and manage risk, and improve productivity.
- More than just the economic impact, the defence and cyber security sectors also have strong positive societal, educational and skills impacts. A critical aspect of the work in Thales in Ebbw Vale is the connection to education and STEM promotion.
- The funding model set out by Welsh Government includes clear expectations on community outreach, so the project will drive the long term prosperity and growth in the Welsh economy – having high tech jobs available and keeping the skills and people in Wales.
- When it comes to cyber security skills, Thales is focused on increasing awareness and capability today while developing a talent pipeline to address the cyber security challenges of the future.
- We're working with schools in Wales (over 130 to date) and communities to develop outreach and resources to help people find future employment in cyber security and wider digital industries.
- As a founding member of the Defence Cyber Protection Partnership in 2015, we supported the formation and promotion of the CyberFirst programme. Led by the National Cyber Security Centre, and in partnership with industry and academia, CyberFirst identifies and nurtures a diverse range of talented young people from all backgrounds and now has strong participation from schools in South Wales.

What are the opportunities for growth in defence manufacturing and cyber security in Wales in the future?

- Thales believes that the best approach to growing the sectors is to develop on what is already there. As Defence manufacturing grows in Wales it will require more cyber security capability and STEM skills, and the opportunities for growth are therefore completely dependent on developing the future capability through investments like NDEC.
- We believe that expanding the cyber cluster and tech valleys activities, whilst ensuring they are relevant at a national and international level, would be a good way to support that growth. This needs targeted research and development activities to address some of the critical challenges that the UK is facing.

- Cyber security, resilience, autonomy, sustainable energy, advanced manufacturing, digital trust, etc. are all thematic areas that have strong growth potential- as well as begin critical to defence- and should therefore be considered as priority targets for stimulus.
- The announcement made last year regarding funding for a defence focussed centre of excellence in Sealand, North Wales (ATRC) provides an ideal opportunity to replicate the model of NDEC, leveraging its experience in educational outreach to support the building and sustaining cyber businesses in the North Wales region.
- In parallel, Thales is continuing to work collaboratively with the UK MOD to explore digital trust and resilience – ensuring that the information flows that underpin our future defence capabilities deliver information to those that need it in a secure, trusted and resilient manner such that they remain one step ahead of their adversaries.
- Leveraging ATRC and Thales ongoing Digital Trust work to provide an evergreen capability for Defence would start to rebalance the historically poor share of MOD spending. It would be a significant boost for North Wales and would develop the South Wales presence in cyber as a key economic growth area.

How important are Wales’ defence manufacturing and cyber security sectors to the overall UK capability?

- The work that Thales is doing in Ebbw Vales is relevant and important to for the wider UK and will be critical to defence, Critical National Infrastructure and also many other essential manufacturing sectors going forward.
- The geopolitical landscape is very challenging and from our threat intelligence, we are seeing that there is increased activity across all of the critical national infrastructure sectors.
- In Wales, Thales is focussed on cyber security and cyber resilience, protecting Defence, Government and Critical National Infrastructure (CNI) across Information and Operational Technology.
- Whilst cyber security works to minimise the opportunities for a cyber-attack to occur, cyber resilience relates to putting measures in place so that one can effectively identify, respond and recover should an attacker manage to breach cyber defences and to maintain critical functions and outputs of digital systems.
- In order to have successful cyber defences, both security and resilience must be considered, and the work that Thales is doing in Wales will contribute to the increased cyber defences of the UK’s CNI.
- Additionally, the skills development aspect is crucial to the long term success of the UK in the cyber sector. The global war for talent for cyber, engineering and manufacturing skills mean it is more important than ever to have a strong home- grown talent base.
- We believe that Welsh Government is doing a good job of promoting cyber skills and careers in the right areas, and those skills that will come into the employment market will be additive and important to the UK’s future capabilities.

What role should the UK Government play, in collaboration with the Welsh Government, in promoting and maintaining defence manufacturing and cyber security in Wales?

- The Government’s Social Value framework can support the growth of the defence and cyber security sectors in Wales, as companies are measured on how they are supporting tackling economic inequality to better, higher-paying jobs across all parts of the United Kingdom.

- Thales welcomes the Social Value framework and believes that it could support driving further investment into Wales, and should be applied fairly and consistently across UK Government procurements.
- It is also our view that the model in Ebbw Vale could be successfully replicated elsewhere in Wales order to support other technology areas, education partnerships and local community development.

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