



 < CLICK TO PRINT >

Posted 02/14/05 10:10

Homeland Security Challenge

German Firms Vie for Best Approach to Fragmented Market

By [MARTIN AGÜERA](#), MUNICH

Many German defense companies are reworking their organizations to compete for the growing number of homeland-security contracts. But experts warn that the fragmentation of purchasing and execution for homeland defense will make it challenging to crack the market.

In January, Rheinmetall DeTec in Ratingen opened a two-year effort to launch a new homeland security unit, said Hugo Wolf, the new unit's chief. The new unit joins DeTec's existing defense units — land, air defense, munitions, and electronics — which have 7,400 employees and annual sales of 1.6 billion euros (\$2 billion).

Rheinmetall wants to offer its "broad system knowhow" to counter terrorism, Wolf said.

"Out of asymmetric threats, which are likely to dominate our international environment for the years to come, also results a market. We want to systematically explore this market," he said.

Already, Rheinmetall is creating 17 fogging and red-phosphor-flare systems, which create massive clouds of fog, to equip 12 of Germany's nuclear power plants. The fogging and flare systems are designed to jam the sensors of heat-seeking missiles, diverting them from their target. One plant already is equipped; a second is to be ready within weeks.

"Another area of great concern and potential growth is harbor safety" — especially checking shipping containers, said Wolf. "In the U.S., not one container can now get to a harbor without being inspected."

Wolf said his company can build such safety measures.

He would not elaborate on his unit's financial goals, but said it was pursuing options.

"Some are spinoffs from defense activities, others are new technologies," he said.

Diehl BGT Defence, a subsidiary of Diehl Stiftung, Nuremberg, created a homeland security branch last October.

Diehl will concentrate on bomb and threat detection, reconnaissance, surveillance, protection of critical infrastructure, and equipment for land, sea and air, said Elisabeth Hauschild, Diehl's key account manager for the new unit.

"In the midst of all this are products like our biosensor, which allows the quick detection of biological weapons," said Hauschild.

Diehl and eBioChip Systems will market the product, which was created by the Fraunhofer Institute for Silicon Technology in Itzehoe.

"We also concentrate on other cooperations with specialized firms," added Hauschild.

EADS Deutschland also has set its sights on homeland security.

"This line of business builds up on company expertise in the defense business and it increasingly occupies our minds," said Michael Meissner, spokesman for EADS Defense and Communications Systems.

Meissner cited an Aug. 12 contract, worth more than 1 billion euros, with the Romanian government, for which EADS will provide "an integrated solution for border surveillance and security," he said.

The project should help the country's accession to the European Union by providing it with high-tech homeland security tools.

"For such applications, we are making use of our broad portfolio or adding external expertise," Meissner said.

Too Many Customers?

One defense industry observer said serving the new market will take more than selling old systems under new labels. Responsibility for purchasing homeland security services and equipment is decentralized, residing with federal and local authorities.

"In the civil sector, you have a magnitude of actors which don't have common procurement plans or procedures," said Heiko Borchert, a defense consultant in Lucerne, Switzerland, who also heads the Security and Defense department of the Düsseldorf



Institute for Foreign and Security Policy.

A Berlin-based expert noted that industry is waiting on ministerial guidance, because Germany has not yet created a federal agency or office to coordinate homeland security efforts. Much of the efforts are under the authority of the 16 German regional provinces.

"This decentralization is a real problem also for the industries to coordinate their efforts," the expert said. "They would really need points of contact on the federal level here in Berlin."

Nor is it easy to assess the current capabilities of police, fire departments, border control and disaster relief organizations, Borchert said.

"There is no common capabilities picture, which is a huge problem," he said. "If you talk about using military capabilities for domestic purposes, then you first have to examine in which areas that might be useful and where it might be a duplication."

Defense companies will be able to break into the market by equipping civil sectors with command-and-control systems originally developed for military use, said Borchert.

The defense firms also may be able to help out with concept development and experimentation that promotes joint military and civil planning, he said. •

E-mail: maguera@defensenews.com.

Use of this site signifies your agreement to the [Terms of Service](#) (Updated August 13 2001)