



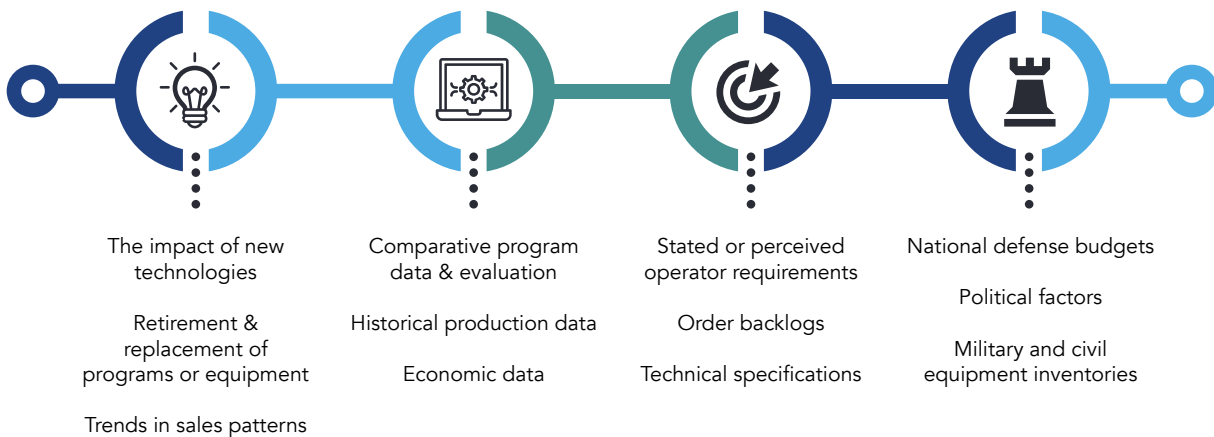
# **Today's Forecast, Tomorrow's Reality: The Science of Forecasting and Why It Matters**



**W**hen developing an aerospace or defense contracting strategy, it's important to look in all directions – especially forward. For over 50 years, Forecast International has used proprietary forecasting methodology to enable our clients to anticipate what's coming next, giving them the necessary leverage to outperform competitors and quickly pivot during market upheaval. Read on to learn more about market forecasting and how you can incorporate it into your business development methodology.

**What is forecasting?** Forecasting is the process of evaluating future demand for products and the future availability of resources needed to create those products. The forecasting process involves collecting and analyzing a vast amount of data and intel in order to ascertain market trends, perform competitive evaluations of specific platforms, and ultimately develop and refine production forecasts for those platforms. Our forecasts are typically a result of collaboration among our analytical staff, making forecasting a multidisciplinary process.

#### Factors that go into developing a forecast can include:



As it relates to aerospace and defense (A&D), forecasting projects how many of a particular item will be built over a particular period. Production forecasts are a key component in any decisions regarding the possible expansion of production capacity, often a difficult decision for both OEMs and suppliers. It can also involve how an entire market segment, say, business jets, will evolve over that period.



**Forecasting methods.** The forecasting process utilized by Forecast International is both qualitative and collaborative.

It is qualitative in the sense that we believe the most important ingredient in the preparation of market forecasts is the market perspective of the analysts themselves, based on the consideration of industry data, geopolitical and economic analysis, and competitive evaluation. While we often consider quantitative predictive models in developing our forecasts, we do not rely on them solely or even primarily. It is the judgment of the analysts themselves that is the final arbiter in the preparation of our forecasts.

Our analysts conduct daily research using our extensive library and database resources, and augment this research through direct contacts with authoritative sources located throughout the world. We analyze a huge amount of data and information, including industry statistics, corporate financial documents, legislative testimony, government publications, technical journals, and the trade and general press. In addition, our clients often provide us with some of the most timely and accurate information that we receive. We take all of this information, verify its factual content, and use it to develop our production forecasts.

Our forecasting process is also collaborative in the sense that it is a team effort. While our analysts are all specialists in their particular field, the forecasts are not entirely the product of any one individual. The breadth of experience and the wide range of specializations represented by our analytical staff allow different perspectives to come into play as the forecasts are developed or updated. For instance, development of a forecast for a military aircraft could involve the participation of our aircraft and aero engine analysts, our defense electronics analysts, and our international military markets analysts. Technological, industrial, economic, and political factors are all taken into account in the process.

Ten-year and 15-year forecasts are developed for each platform, within the markets that we cover, that is in production or expected to enter production during the forecast timeframe. All manufacturers worldwide are generally covered by our forecasts, not just the major Western manufacturers.

Our Platinum Forecast System product provides clients with customizable forecast data for a wide range of aerospace and defense markets, and includes real-time access to forecast updates made by our analysts. Subscribing to the Platinum system ensures that clients always have our latest forecast numbers.





**How to use forecasting to boost your contracting strategy.** Forecasting is an integral part of any aerospace or defense production strategy. Effective production forecasting can prevent previously unnoticed hurdles from becoming major roadblocks months, years, or even decades down the line. Forecasting can also help you get ahead of the game, positioning your company to provide what your ideal client needs before they even know they need it. Here are a few other ways you can use forecasting in your strategy:

**1. Compare.**

You can compare the production forecasts for competitors in distinct market segments to see how each is expected to perform.

**2. Estimate.**

If you make a component for a specific platform, you can use a production forecast to judge how much material or labor will be required to fulfill orders over a certain period.

**3. Evaluate.**

If you're a financial analyst, you can examine the value of production for various contractors over a period of time for a market segment. The financial community can use production forecasts to help in evaluations of a specific market segment, of the health of a particular manufacturer, or of future trends in the A&D industry.

**4. Engage.**

Discover gaps that exist within your industry, and find ways you can fill them in the future. Or, find out how you can expand or pivot into an entirely new defense market.

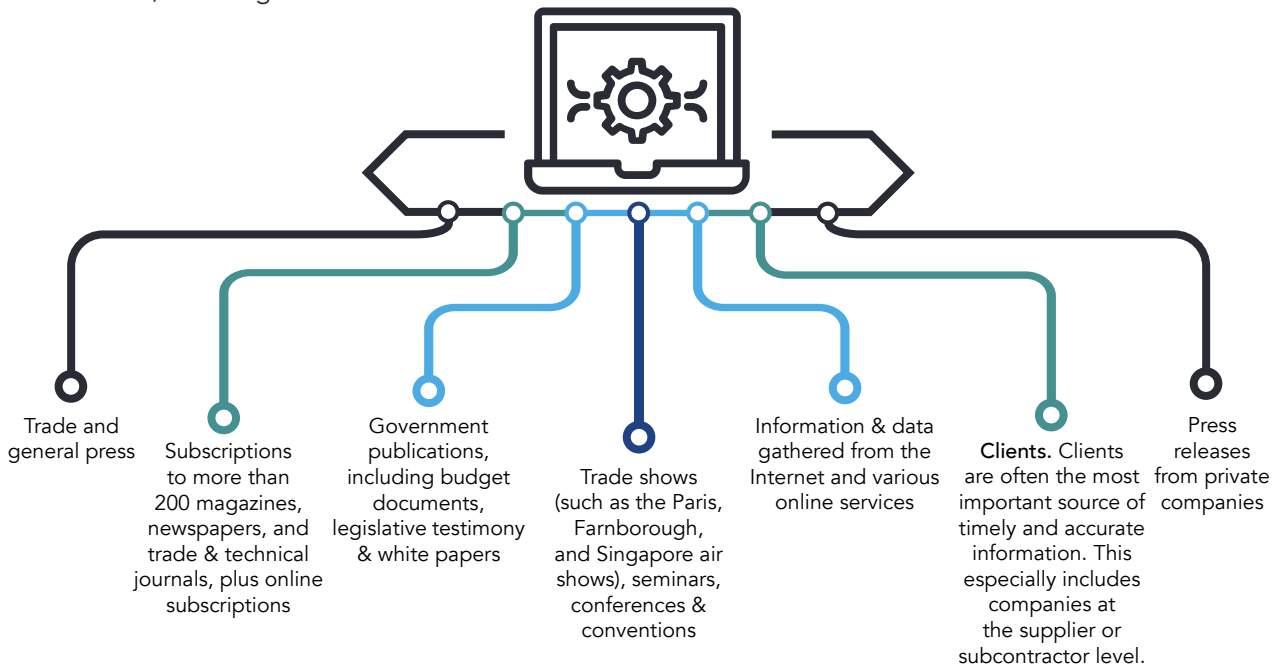
**5. Optimize.**

Find ways to make your systems more efficient, or to streamline your production processes.





**Forecast International's methodology.** Generally, FI analysts follow a specific methodology when developing production forecasts. We analyze enormous amounts of data and information from a variety of sources, including:



All of this information is taken and used to develop long-range forecasts. Forecasts are developed for each system in production or in development and are based on projected share of the relevant market segment.

**Examples of successful forecasting.** At Forecast International, our clients have found great success by using production forecasts in more ways than you would initially expect. While this is only the tip of the forecasting iceberg, here are a few highlights to inspire your own journey:

- To maintain excellent delivery times and solid relationships with its clients, a company relies on our data to decide how many units to build without having to wait for its clients' feedback.
- A financial company purchased our data to better understand the market when making acquisitions.
- A defense contractor was able to analyze and compare unit pricing across several different providers to offer a more competitive price and thus gather market share.
- One customer reviewed our space systems forecasts and was able to determine its potential for market entry into the space domain.



*Pilot Ed Nebinger and ground crew alongside a P-51 Mustang fighter*

**Forecast International's legacy.** FI was founded in 1973 by former U.S. Air Force officer Ed Nebinger. Having spent 25 years as a career officer, Ed had a keen understanding of aviation – he piloted a P-51 Mustang over the Normandy beaches on D-Day and flew a range of supersonic fighters during his time as a test pilot.

After retiring from the Air Force, Ed worked for DMS, an aerospace and defense market intelligence company based in Greenwich, Connecticut. In the early 1970s, Ed decided to branch out on his own, creating Forecast International. In its early days, FI pioneered some new methods of forecasting and was the first to develop the concept that sufficient forward-looking data existed to provide rational 10-year forecasts for aerospace and related industries.

After a series of acquisitions, including the assets of DMS Inc. from FI's main competitor, Jane's Information Group, the firm continued the development and expansion of its product line so that it soon covered the bulk of the industries producing platforms and systems within the overall Aerospace/Defense, Power Systems, and Electronics arenas. Since then, FI's analysts have compiled and evaluated historical and current data for use in generating accurate forecasts of industry products and programs, and have earned widespread recognition for unmatched service and expertise.



A significant factor in the company's growth was the development of its Platinum Forecast System in 2007. This revolutionary system comprises a massive relational database that sits live on the Internet and enables clients to retrieve data within minutes after any of FI's analysts have posted it to the database. The Platinum system, which is currently available in 26 modules, with more under development, produces a forecast spectrum of 25 years, comprising 10 years of historical data and 15 years of forecasts. What makes Platinum such a powerful resource is that licensed users can pose various queries and within seconds receive solutions in the form of detailed graphics, backed up by data tables and spreadsheets, as well as by relevant background reports. The Platinum Forecast System is the only one of its kind worldwide.

For over 50 years, Forecast International has set the standard for defense and aerospace production forecasting and industry analysis. Using our [Platinum Forecast System](#), we provide up to 15-year production forecasts for a wide array of A&D systems, from large commercial aircraft like the Airbus A350 XWB and Boeing 787 to warships like the SSN-774 Virginia class submarine. The Platinum Forecast System includes real-time access to forecast updates made by our analysts. This is the only source of defense market intelligence that provides 15-year production forecasts plus 10 years of historical data.



**Ready to take the guesswork out of forecasting? Contact [sales@forecast1.com](mailto:sales@forecast1.com), or schedule a demo with one of our experts today.**