

Abstract

The Strategy for SME and Venture friendly Defense Industry Ecosystem in Korea

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The purpose of this research is to build a strategy for an SME and venture-friendly defense industry ecosystem in Korea.

The main research is conducted as follows. First, this research reviews the characteristics of the industrial ecosystem from the viewpoint of the defense industry, and proposes an analytical framework distinct from that used in the extant body of domestic and foreign literature. Second, the study analyzes the current status and capability of the Korean defense industry compared to advanced countries including the U.S. and Israel among others. Next, the study provides suggestions for an SME and venture-friendly defense industry ecosystem in the near future. Finally, we conduct an in-depth survey covering a sample of more than 200 defense firms and relevant industry experts to measure how to make the defense industry ecosystem in Korea more SME and venture-friendly.

The main results of this research are as follows. First, it presents the concept and characteristics of the defense industry ecosystem for the first time in Korea. In addition, it describes case studies of advanced countries' defense industry ecosystems, including those in the U.S. and Israel. More than anything else, it contributes to the developmental status of the defense industry ecosystem capability model of the Korean defense industry ecosystem compared to the advanced countries with respect to productivity characteristics, robustness and innovation factors.

In conclusion, the basic direction for a strategy for an SME and venture-friendly defense industry ecosystem is as follows. First of all, we should enhance the cooperation between the government/SI companies and its suppliers. Second, the defense industry ecosystem should be

open to both spin off and spin on in the era of the 4th industrial revolution. Third, innovation is the most important mechanism to boost the Korean defense industry ecosystem. Fourth, any such strategy should be completely fulfilled, and evolve together with the rapidly changing surroundings. Finally, the strategy should respect the differences and diversities of the entities of the ecosystem.

We hope that this study will contribute to build an SME and venture-friendly defense industry ecosystem in the era of the 4th industrial revolution.