

# AUKUS in Motion:

## Why Australian Innovators Can't Afford to Wait

When AUKUS was announced, it promised to redefine allied defense cooperation for a new Indo-Pacific era<sup>1</sup>—a geopolitical moonshot. Three years later, AUKUS faces friction from both sides of the Pacific. Washington's industrial base is stretched, Congress is divided, and the administration launched a formal review<sup>2</sup> questioning whether AUKUS still fits within "America First." In Canberra, calls are mounting to cut dependence on the US<sup>3</sup> and define Pillar II objectives.<sup>4</sup> The alliance meant to accelerate progress has slipped into analysis paralysis. For Australian defense innovators, this uncertainty isn't a reason to wait—it's the signal to move. In geopolitics as in business, the advantage goes to the actor who doesn't wait for perfect clarity.

### AUKUS Then and Now

At inception, AUKUS was bold, a trilateral strategy that could tilt the balance of power in the Indo-Pacific. Its first chapter centered on submarines, but its purpose was symbolism: interoperability, deterrence, and allied trust. Pillar II now extends that vision to technology—quantum, AI, cyber, hypersonics, and undersea systems—where industrial strength defines military strength.

The US, until recently, put efforts into a holding pattern. The AUKUS agreement is declared "safe" by US officials,<sup>5</sup> but every lever is being pulled: industrial feasibility, export restrictions, program costs, and political optics. Much of the slowdown stems from export controls struggling to match alliance ambitions. Key AUKUS technologies sit in regulatory grey zones, and misaligned ITAR/EAR pathways have delayed collaboration.

### Enter the US Market on Your Own Terms

The next three years will bring more reviews, not fewer. Defense collaboration now sits at the intersection of security, trade, and technology, creating both new openings for allied firms and higher hurdles for compliance.

Firms that anchor their strategy to the pace of politics will stall. Those that design for volatility will scale.

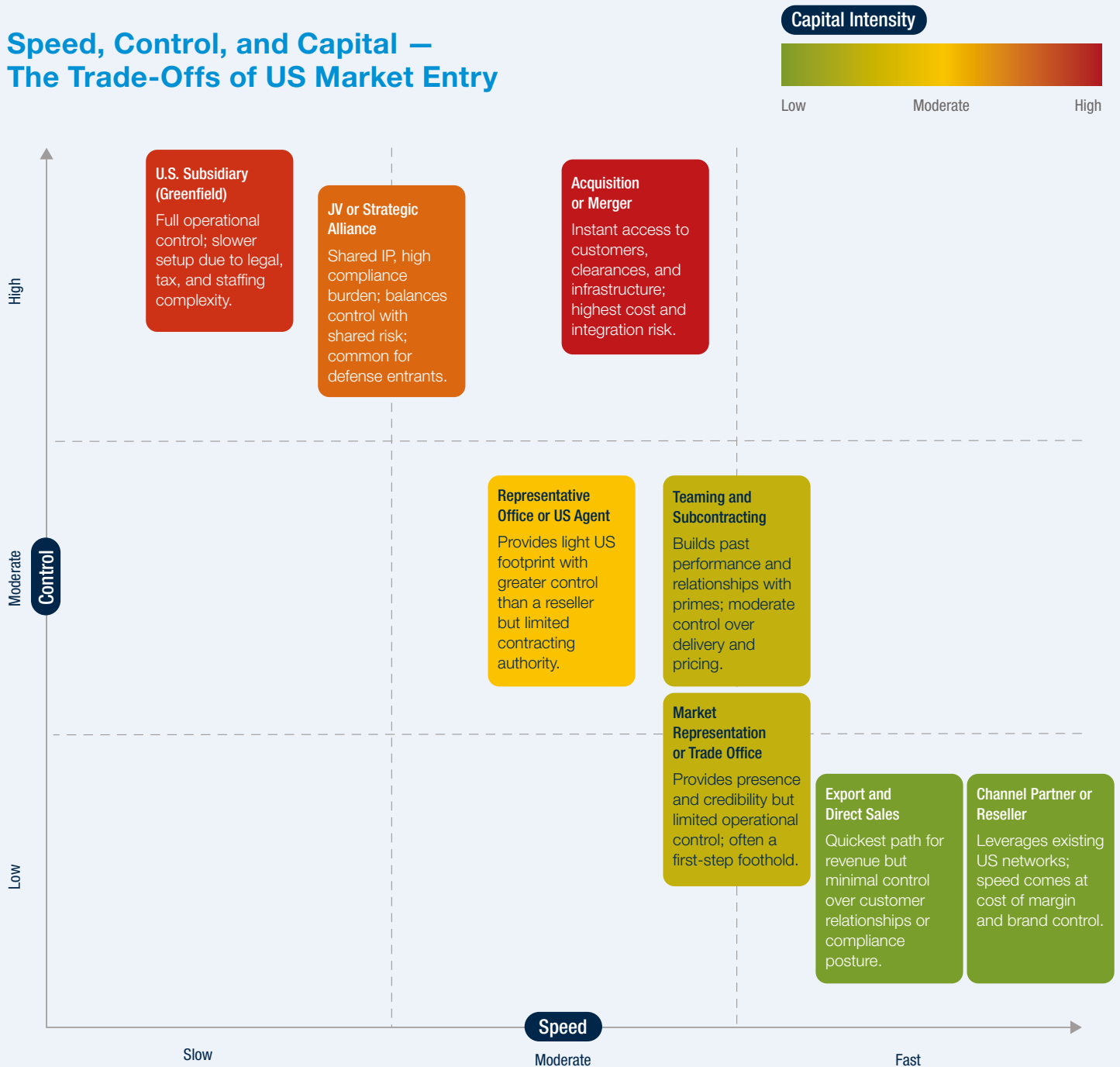
The numbers are staggering too: A \$368 billion (US\$240 billion) for submarines alone—a sum larger than Australia's annual federal budget for health<sup>6</sup> and education<sup>7</sup> combined. That scale invites scrutiny. US shipyards are already underwater<sup>8</sup>—short of welders, engineers, and drydock space—making the 2032 Pillar I delivery timeline difficult to achieve.

Add uncertainty over Australia's appetite to deploy in high-risk scenarios,<sup>9</sup> and you get the perfect policy storm: too big to cancel, too complex to execute cleanly. And because AUKUS is an executive-level agreement, it's also fragile, susceptible to the stroke of a pen. Australian firms waiting for political calm may be waiting forever.



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## Speed, Control, and Capital — The Trade-Offs of US Market Entry



Australian companies have nine strategic pathways into the US government market, each with trade-offs between speed, control, and capital. These pathways aren't mutually exclusive—firms often blend or evolve them as their US presence grows. On one end: **channel partnerships and resellers**—low control, fast access, minimal compliance. On the other: US **subsidiaries or acquisitions**—high control, heavy lift, long runway.

The model choice ultimately dictates the capital strategy. At a minimum, plan for **\$2M–\$3M** to plant a credible flag—covering legal setup, compliance, advisory support, early sales, and pilot programs.



## The Playbook for AUKUS-Aligned Firms

Winning in the US market isn't about proximity to policy—it's about discipline. Four principles define the winners:



### Strategic Focus

Hyper-focus on mission owners. Pick one or two anchor programs, build case studies, and measure everything against their success. To paraphrase Steve Jobs: *Focus is about saying no.*



### Market Insight

Translate your value proposition into mission language. US buyers don't care about Australian innovation—they care about delivering against US funded priorities.



### Resource Discipline

Spend where credibility compounds: pilots, compliance infrastructure (Foreign Ownership, Control, or Influence (FOCI) mitigation, export licensing, data-handling protocols, not conferences or press releases.



### Relationship Capital

Build US partnerships, embed with innovation cells, add cleared personnel and preempt FOCI concerns with transparency.

The US doesn't buy technology; it buys trust. To be treated as part of the allied industrial base, Australian firms must demonstrate it.

## Lessons From Those Who Broke Through

The playbook isn't theoretical; others have proven it works. Early Australian movers established a local US presence, built credibility through small contracts, and grew from pilot programs into trusted suppliers. Some firms accelerated entry by acquiring US incumbents or buying assets that came with customer relationships, security clearances, or manufacturing capability. Others overcame outsider bias by recruiting seasoned US defense leaders and embedding within established primes.

The pattern is clear: Companies that localize early, through local leadership, in-market hires, and presence within key industry hubs, outperform those waiting for political clarity. The fastest route to legitimacy isn't lobbying; it's local execution.

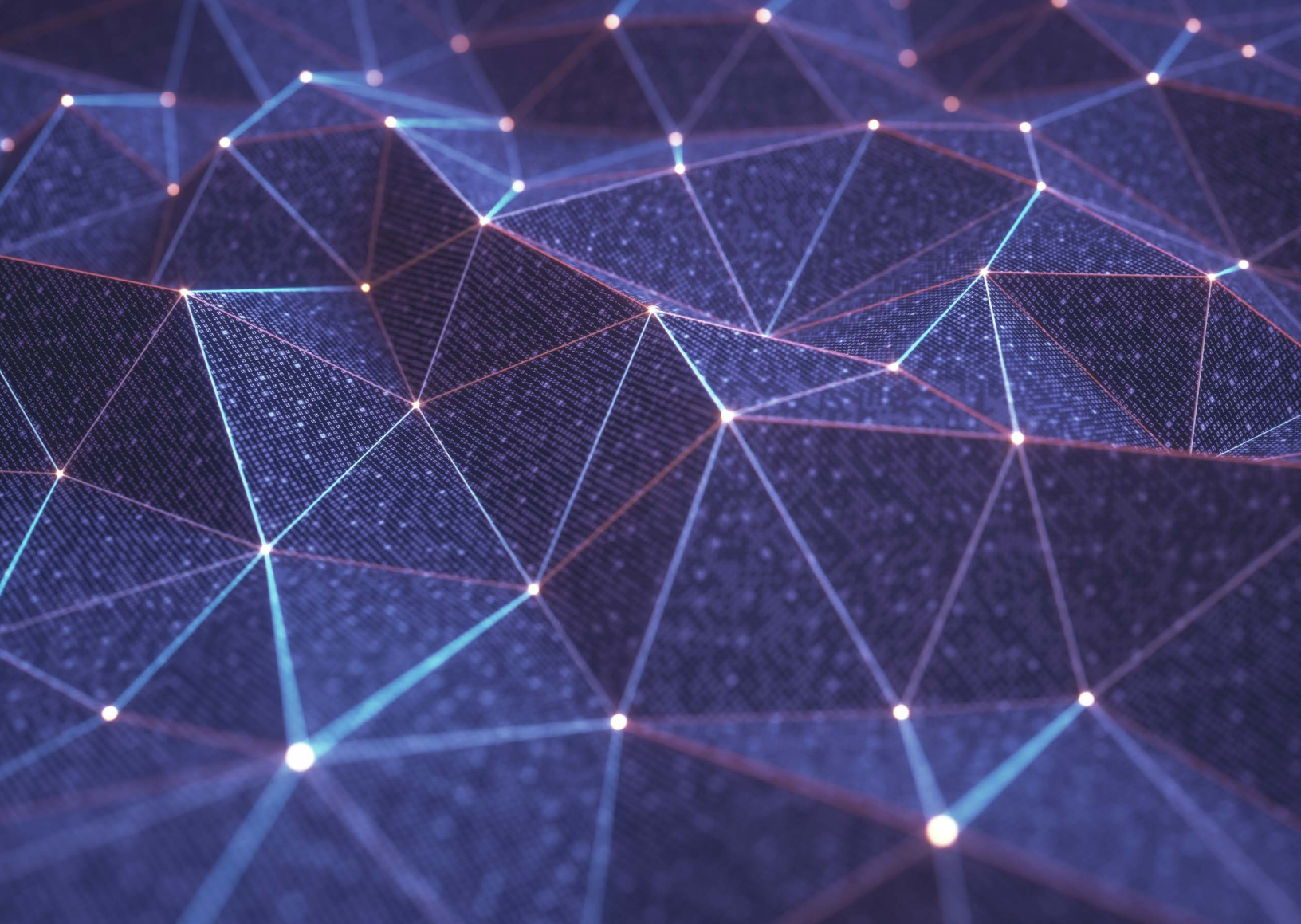
## Opportunity in Uncertainty

AUKUS may be under review, but its logic endures. The Indo-Pacific will define the next decade of defense innovation, and Washington will need trusted partners who can deliver. The waiting game has already begun, and the real winners will be those who play offense. In a world where the alliance may be reviewed every election cycle, you don't wait for the tide—you seize the beach.

### How A&M Helps

Alvarez & Marsal helps innovators translate ambition into action, from structuring US market entry and navigating export-control compliance to building the commercial, financial, and operating models that turn strategy into scale. We work alongside clients to design entry pathways, stand up US entities, build government-ready operations, and align capital strategies with mission outcomes, enabling firms to move first, fast, and with confidence.





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