

## Recommendation

I recommend that AusEngIT declines AusFlies request for tenders to develop and install the IT systems controlling the new street drones.

## Reasons

1. **Technical Capabilities:** As a large reputable engineering consultancy firm, AusEngIT has high technical capabilities in IT systems and IT security. However there are too many unknowns in these circumstances such as the intended inclusion of Artificial Intelligence and the requirement for bandwidth creativity, both of which will require additional knowledge and company development. The stringent public safety and security features required would make it difficult to design an operating system which is effective for use whilst ensuring it is effective against tampering and faults.
2. **Strategic Value:** The tender presents an opportunity to be a leader in a developing area of technology; drone surveillance. However the project is most likely going to reduce public opinion of AusEngIT, due to the contentious issues of surveillance and artificial intelligence. Moreover the risk to AusEngIT's reputation is large with the potential to harm other future contracts. ✓
3. **Market and Client Relationship risk:** The risk is this new government developed company AusFlies is exposed to international forces and political instability through its parent companies. The benefits of being a first mover with increasing involvement in official government projects, is marred by the fact that the product in question is still for the benefit of the public, whose decision is currently emotionally controlled by the threat of vehicles as weapons. ✓
4. **Unusual Risk:** The risk of the drones being captured and the AusEngIT technology being reverse engineered against the system is too high. As such surveillance footage would surely be of use to a terrorist hoping to inflict maximum casualties. The extent of liability of this system has not been specified in this project proposal, and therefore we expect that in establishing AusFlies the government has not fully assessed the costs and weaknesses of the system and are instead relying on rash decisions to meet current societal expectations. ✓
5. **Unusual Risk:** The situation expressed in the offer for tenders by AusFlies briefly mentions that the drones will be expected to also perform 'intervention formations' in situations where a car is threatening civilians. AusEngIT has the responsibility to assess whether these interventions are veering too close to the territory of unmanned weapons, and therefore if the project presents potential backlash. ✓