
How to Become ITAR Compliant - Executive Brief

Industry: Defense Contractors / Companies Doing Business with Defense

Primary Persona: CEO, CFO, VP of Operations

Sales Stage: Discovery / Pre-Demo

What Is ITAR?

The International Traffic in Arms Regulations (ITAR) governs the manufacture, export, temporary import, and transfer of defense articles, services, and technical data listed on the United States Munitions List (USML). Companies involved in aerospace, defense manufacturing, aviation MRO, or handling controlled technical data may fall under ITAR jurisdiction—even if they do not directly export products.

Why ITAR Compliance Matters

Non-compliance can result in severe civil and criminal penalties, government contract debarment, and reputational damage. ITAR compliance is not a one-time registration—it is an operational governance discipline that impacts enterprise risk, valuation, and eligibility for defense-related contracts.

Steps to Become ITAR Compliant

1. Determine Jurisdiction – Classify products and technical data to confirm whether they fall under the USML.
2. Register with DDTC – Submit required registration and fees if engaged in manufacturing or exporting defense articles.
3. Appoint an Empowered Official – Designate a qualified U.S. person with authority over export decisions.
4. Implement a Written Compliance Program – Establish documented policies, procedures, and internal controls.
5. Control Technical Data – Restrict access to U.S. persons and implement secure document management practices.



6. Apply for Export Licenses When Required – Obtain proper authorization before exporting defense items or data.
7. Maintain Records – Retain documentation for a minimum of five years.
8. Conduct Ongoing Training and Monitoring – Perform internal audits and regular employee training.

Where ERP & Operational Systems Matter

ITAR risk is often operational, not intentional.

Vulnerabilities typically occur in:

- Engineering data access
- Document management systems
- Cloud file sharing
- User permissions
- Project-based technical collaboration
- Multi-entity operations
- Foreign national employees

If your business system does not:

- Control role-based access
- Track document transfer
- Log access history
- Segment technical data
- Manage export documentation

You are exposed.

Executive Questions to Ask Internally

1. Have we formally classified every product we manufacture?



2. Do we know which data in our system is ITAR-controlled?
3. Can foreign persons access any of our shared drives?
4. Is our ERP permission structure aligned with ITAR?
5. Have we documented our compliance program?
6. When was our last internal ITAR audit?
7. Who is our Empowered Official?

If these questions cannot be answered clearly, there is risk.

Bottom Line for Aerospace & Defense Firms

ITAR compliance is not:

- A legal technicality
- A one-time registration
- An IT problem alone

It is an operational governance discipline.

Financial & Strategic Implications

ITAR non-compliance can lead to significant fines, contract loss, and reduced enterprise value. Conversely, documented compliance strengthens acquisition positioning, supports government contracting eligibility, and demonstrates operational governance maturity.

