/ SHAPING THE **NEXT 25** YEARS of Defence Across Europe

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Europe's defence sector is facing a rapidly evolving threat landscape. EU defence spending reached €343 billion in 2024, up 19% year-on-year. Defence investment also increased from €51 billion in 2021 to €106 billion in 2024, a record-breaking level. This surge reflects the scale and speed of Europe's rearmament, marking a clear break from decades of post-Cold-War stagnation and underinvestment, when most EU Member States spent less than 2% of GDP on defence.

The strategic environment has shifted decisively. Russia's war in Ukraine, China's strategic rise, growing hybrid threats, geopolitical fragmentation and signals of reduced U.S. commitment to European security are forcing a fundamental rethinking of defence readiness. The central question is whether Europe can achieve "Readiness 2030" at the required pace and ambition.

/ MEET OUR EXPERTS

Markus Nakanishi
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Roberto La Caria
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Didier Cohen
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Anne Sabroe
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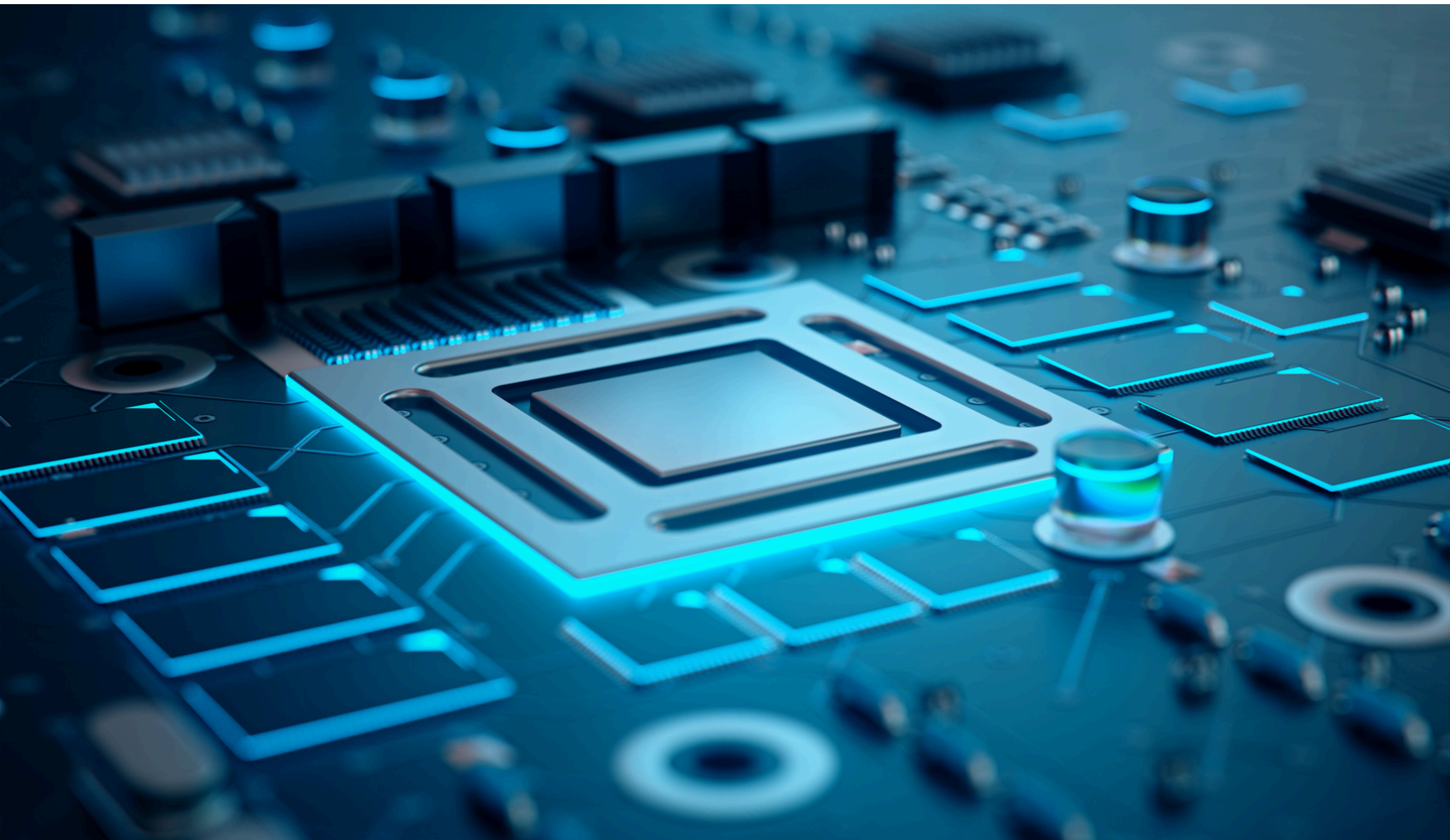
A Historic Strategic Pivot

The European Commission's White Paper for European Defence – Readiness 2030 highlights this challenge: Europe must strengthen its ability to shape its own future and avoid excessive dependence on outcomes shaped elsewhere. The ReArm Europe plan proposes unlocking up to €800 billion in defence investment supported by new mechanisms such as the Security Action for Europe (SAFE).

This transformation is already visible on the ground. Defence production across Europe has grown dramatically in recent years, driven by a wave of mergers and acquisitions, the rapid scaling of the ammunition and electronics sectors, and urgent government procurement. Yet capacity constraints remain acute – from shortages in explosives and propellants to slow-moving national procurement systems and a critical scarcity of qualified engineers, programme managers, and operational leaders.

The EU Defence Roadmap to 2030 highlights the structural depth of these frictions: decades of fragmented, nationally siloed procurement have created a patchwork industrial base poorly suited to the output now required.



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The Procurement Paradox

Perhaps no tension is more acute than the mismatch between the speed Europe's defence ambitions demand and the pace at which its procurement systems can actually deliver.

V *Europe still procures defence equipment mainly through national systems, creating many small markets instead of one scalable industrial base. Procurement mindset still needs to shift: Europe expects wartime-scale output but still buys with slow, complex, highly nationalised processes rather than fast, standardised, joint procurement.* Λ

Markus Nakanishi
Partner at Valtus Germany

This structural tension is widely recognised across the sector. Markus Nakanishi also points to a further obstacle: defence companies are reluctant to invest aggressively in new capacity -facilities, suppliers, skilled labour, and long-lead inventory – without large, binding, multi-year contracts that provide financial certainty. Until procurement frameworks are genuinely reformed to match the urgency of Europe's strategic position, the industrial ramp-up will remain constrained.

Building Scale Through Industrial Ecosystems

The consolidation wave reshaping the European defence landscape has been most pronounced in the light weapons, ammunition, and electronic systems segments — precisely those areas absorbing the highest wartime demand. Post-merger integration is now a specialized field, relying on dedicated expert teams to execute due diligence, integrate teams, and realign supply chains under tight timelines.

Rather than relying solely on consolidation to achieve scale and responsiveness, Italy demonstrates how ecosystem coordination can drive innovation and speed. The country's dual-tier ecosystem – centred on prime contractors such as Leonardo and Fincantieri alongside a dense network of specialised SMEs clustered in Tuscany, Lombardy, Campania, and Liguria – has enabled rapid prototyping, flexible technology transfer, and the exploitation of dual-use innovations across civilian and military applications.

Italy's defence industrial model represents a unique and dynamic ecosystem where large prime contractors collaborate strategically with specialised SMEs, creating a flexible innovation framework that accelerates technological development. The ecosystem's strength lies in its ability to facilitate seamless technology transfer through robust public-private collaboration.

Roberto La Caria
Managing Partner at Valtus Italy

Roberto La Caria sees Italy's role extending beyond its borders: by bridging larger European defence powers and smaller nations through joint procurement and technology-sharing initiatives, Italy is helping to build the integrated, interoperable industrial base that EU and NATO readiness ultimately requires.

The Talent Crisis

If procurement is the visible constraint on Europe's defence ramp-up, the shortage of qualified human capital may be a less visible but equally important challenge. Recruitment timelines of six to nine months for senior technical and operational profiles are commonplace across the sector. The skills gap is widest at the top: Chief Technology Officers with dual-use expertise, Programme Directors for large-scale defence initiatives, Directors of Industrial Operations and supply chains, and cybersecurity and digital transformation leaders are all in critically short availability relative to demand.

France's defence industry, which generates approximately €30–35 billion annually and is supported by the 2024–2030 Military Programming Law allocating €413 billion to armed forces modernisation, has confronted this challenge directly and with some inventiveness.

The defence industry is now shifting from hiring experienced people when needed to continuously developing and retaining strategic capabilities internally. We also see more and more defence industry actors diversifying their recruitment sources, expanding from traditional specialised executive-search firms to faster routes to experienced resources like interim managers.

Didier Cohen
Partner at Valtus France

Didier Cohen observes that a multi-dimensional response is taking shape across French industry: formal mentorship and knowledge-capture programmes, internal academies focused on cybersecurity and AI, and structured partnerships with universities and technical schools. Critically, companies are actively recruiting from adjacent industries – automotive, energy, software, and telecoms – and leveraging interim management as a fast-deployment mechanism to close leadership gaps that long-cycle hiring simply cannot address in time.

Where Geography Meets Strategy

The geographic heart of Europe's security challenge has shifted northward. The Baltic region, now strategically critical, is reshaping the priorities and positioning of Nordic and Northern European defence actors.

Denmark's 10-year Defence Agreement (2024–2033), allocating over DKK 143 billion to modernisation and resilience, reflects the urgency of this moment. Danish capabilities in maritime security, critical infrastructure protection, cyber resilience, advanced radar systems, and logistics have moved from niche strengths to core strategic assets within the broader European architecture.

V *Denmark is in a unique position right now. Geographically, politically and industrially, the Baltic region has moved from being important to being strategically critical for European security. What makes Denmark particularly relevant is not scale, but specialisation and agility.* Λ

Anne Sabroe
Partner at Nordic Interim Denmark

Anne notes that Denmark's long tradition of close public-private collaboration and fast decision-making enables rapid mobilisation of competencies across government, industry, and allied partners. She is also clear that the nature of the challenge has expanded: defence today is equally about securing supply chains, protecting data and infrastructure, and ensuring operational resilience. This is where Danish specialists – and increasingly, interim leaders with the ability to scale operations quickly under pressure – bring outsized value relative to national scale.

Where Geography Meets Strategy

Norway's alignment tells a parallel story of integration and specialization:

Norway is aligning its defence industry closely with NATO through increased defence spending, capability upgrades, and deeper participation in joint procurement and operational frameworks. Norwegian companies are increasingly integrated into European supply chains, particularly in maritime, surveillance, and high-tech defence systems.

Rolf Henrik Svendsen
Managing Partner at Incepto Executive, Norway

Rolf Henrik Svendsen also highlights Norway's strengthened engagement with EU mechanisms including the European Defence Fund (EDF) – a significant step for a country outside the EU – reflecting the growing pragmatic logic of European defence integration regardless of formal membership status.

Finland's position in this Nordic picture is shaped by history as much as geography. No country in the EU has a longer land border with Russia, and none has maintained a more consistently serious approach to defence as a result. Under President Alexander Stubb, Finnish foreign policy has embraced what he terms pragmatic realism – a values-based approach with direct consequences for defence industrial strategy. Defence industry development, previously discussed behind closed doors, has moved into the political arena and the broader public sphere.

This shift is unfolding alongside a significant scaling of ambition: Finland is committing to raising defence expenditure to 3.2% of GDP by 2030, raising pressing questions about the industrial and human capital capacity required to absorb and translate this investment into deployable capability. But openness and funding alone do not resolve the structural challenges facing Finnish defence companies.

Defence industry development is now more in the open, and alternatives are debated both on the political arena, and within the industry itself. Development and growth of a highly regulated industry, often relying on extensive governmental purchase orders is obviously no easy task. How can industrial capabilities be built before a purchase order comes in? How can competencies, for instance PMO-leaders or Supply Chain experts, be engaged early enough? Resourcing flexibility is a must, but so are in-depth security clearances for key personnel.

Niklas Björkman
Managing Partner at Nordic Interim Finland

The defence sector is defined by ambition and regulatory complexity, and increasingly by the need for actors who can translate strategic intent into operational capacity within constrained, security-sensitive ecosystems.

Eastern Europe: Proximity as a Catalyst

The eastern flank of Europe has been especially exposed to the pressures driving rearmament. Poland, Slovakia, Hungary, Romania, and the Baltic states – many of them bordering or in close proximity to the active conflict in Ukraine – are moving faster and with greater intensity than their western counterparts.

Eastern Europe's faster defence build-up is driven first by proximity to Ukraine. The most underestimated challenge now is speed: speed to build additional capacity, speed to ramp up existing capacities, and speed to bring new defence products to market before the operational need has already moved ahead.

Bohuslav Lipovsky
Co-founder & Managing Partner at CE Interim, Slovakia

Bohuslav Lipovsky draws attention to an underappreciated asset: the partially dormant defence-industrial legacy of Central and Eastern European nations. Countries like Czechoslovakia, Poland, Bulgaria, and Romania were once significant exporters of military equipment across the Middle East, Africa, Asia, and Latin America. Reactivating and modernising that industrial capacity, connecting it to contemporary NATO and EU supply chains, represents one of the most significant untapped opportunities in European defence. The challenge, as Lipovsky frames it, is fundamentally about speed: the operational environment will not wait for the industrial base to catch up.

Towards 2030 and Beyond: Five Imperatives

Looking ahead, five priorities stand out as particularly consequential for Europe's defence sector.

Procurement transformation
Without joint, binding, multi-year contracts that give industry the confidence to invest in capacity, production will remain constrained. The European Defence Readiness Roadmap 2030 points clearly toward faster, standardised, cross-border procurement as a practical necessity rather than a long-term aspiration.

Industrial integration
The M&A wave reshaping the sector creates genuine opportunities for European-scale ecosystems but realising them requires expert leadership capable of navigating complex, multi-national environments on compressed timelines.

Human capital
Talent will ultimately determine how quickly ambitions translate into outcomes. Interim management, cross-industry recruitment, and internal capability academies are increasingly central to how the sector sustains its momentum — not as stopgaps, but as genuine strategic tools.

Technology sovereignty
From cybersecurity and AI to drones and autonomous systems, Europe is investing in technologies reshaping the character of warfare. Reducing dependency on non-European actors for critical capabilities is a direction of travel that is now broadly shared across member states.

Broader resilience
As the KPMG analysis of EU defence readiness notes, defence in the 2030s extends well beyond the battlefield – into cyberspace, supply chains, and critical infrastructure. Closer collaboration between public institutions, private industry, and civil society will be part of the answer.

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The Next Chapter

The next 25 years of European defence will be defined not by the volume of investment alone, but by the quality of integration — across procurement systems, industrial ecosystems, national capabilities, and human capital pipelines. The scale of the challenge is considerable. But the strategic will, the financial commitment, and the industrial capacity to meet it are, for the first time in a generation, genuinely present across the continent.

For organisations operating in or around the defence sector, the moment demands experienced leadership that can scale operations, navigate complexity, and execute under pressure — across borders, disciplines, and across the accelerating pace of a sector in structural transformation.

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Active in nearly 30 countries, with 10 subsidiaries, we have been providing high-end interim management services for 25 years. We continue to develop our capabilities, delivering senior assignments every year at both global and local levels.

Learn more: **valtusgroup.com**

Sources: European Commission, *Readiness Roadmap 2030, October 2025 - KPMG, Beyond Deterrence: Reimagining Defence Readiness, Innovation, and Strategic Autonomy for 2030 and Beyond in the EU, January 2026 - European Defence Agency (EDA), Defence Data 2024-2025, 2025 - European Commission, Whitepaper for European Defence – Readiness 2023, March 2025*