



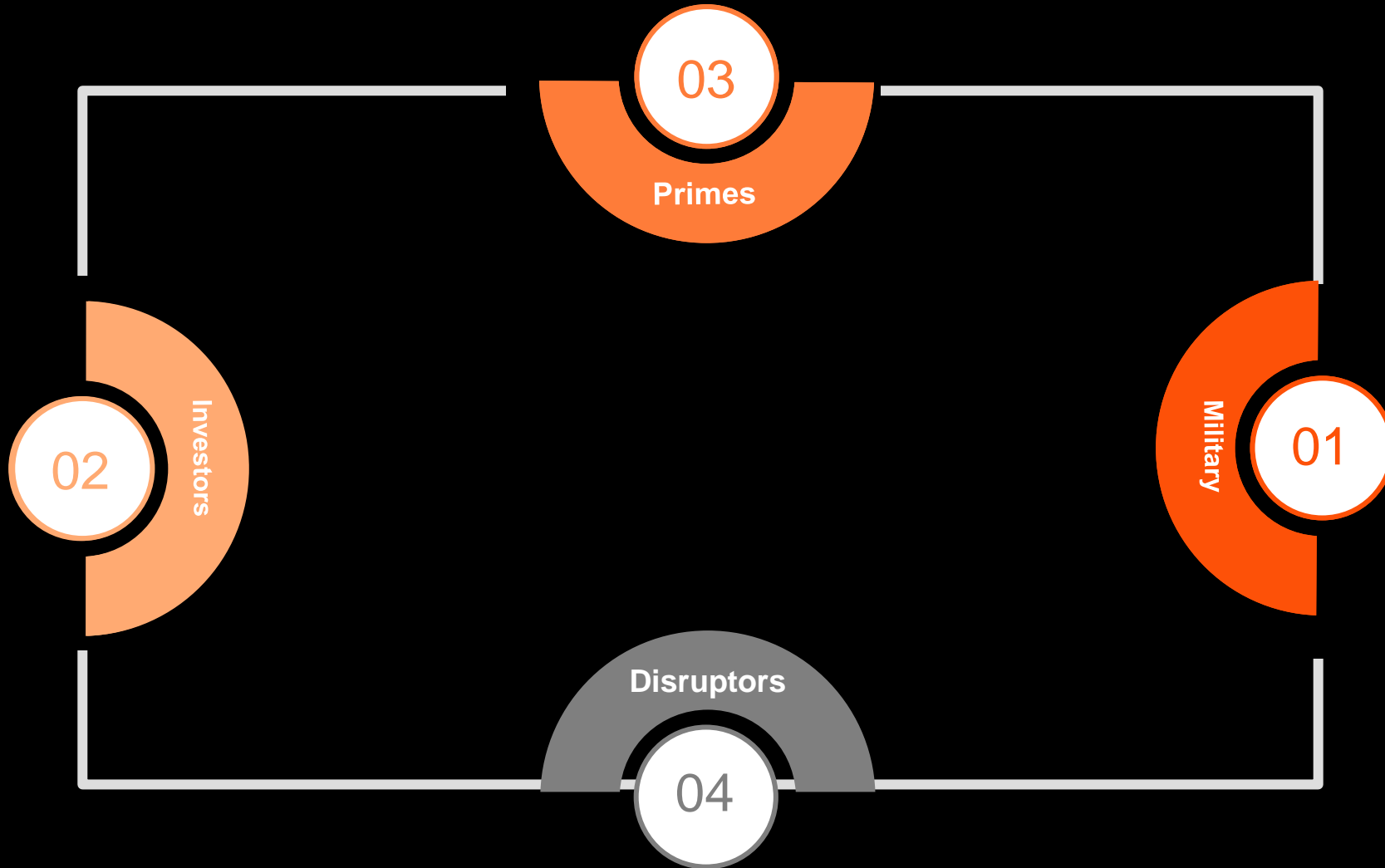
strategy&
Part of the PwC network

Strategic Capital: Unlocking Private Sector Investment in Defence

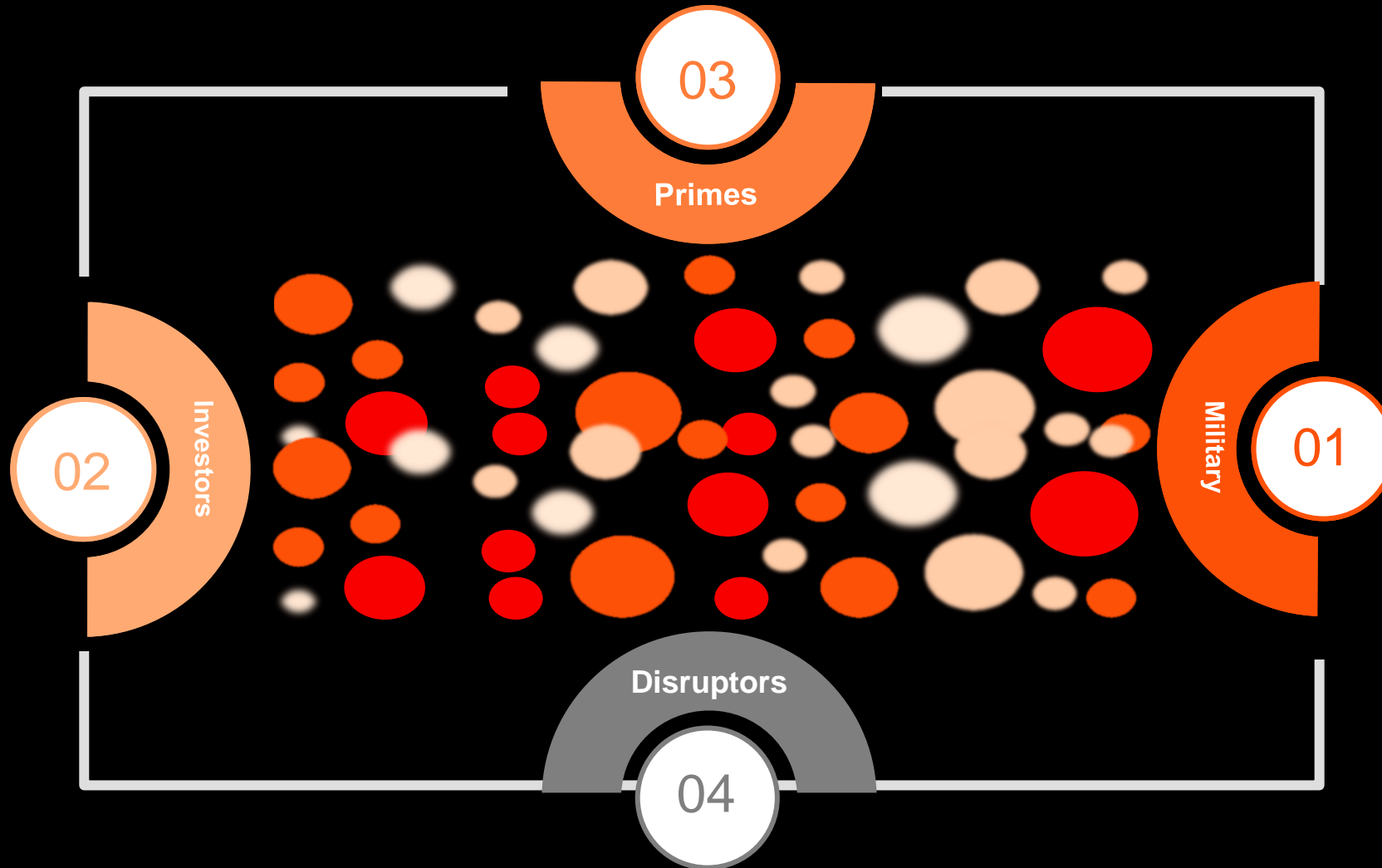
Nordic Defence Conference 2025

Presentation by **Steven Kershaw**
June 12, 2025

The stakeholder ecosystem needs to work better together to harness the full power of the Defence sector



The stakeholder ecosystem needs to work better together to harness the full power of the Defence sector



The Military – undergoing the most significant transformation in a generation

SIZE

- Significant increases needed in Defence outputs and reinvestment in enablers ie infrastructure, C4ISTAR, ammunition stocks
- NATO target now 5%?

SHAPE

- Balance of forces is changing radically. Traditional forces and equipment still need but also need new disruptive, agile capabilities
- Transition is expensive

SPEED

- Russia will be ready to attack NATO in 1,2,3,4 years?
- Capability and mass is needed now

Investors – Government/institutional investment is ramping up quickly



EU funding opportunities¹⁾

>17.3 billion EUR
active funding

- **EDF** – European Defence Fund (EU Commission)
 - EUDIS – EU Defence Innovation Scheme
- **DEF** – Defence Equity Facility (EU Commission & EIF)
- **SESI** – European Security Initiative (EIB)

>151.5 billion EUR
planned funding

- **EDIP** – European Defence Industry Programme (EU Commission)
- **SAFE** – Security Action for Europe (EU Commission)



UK funding opportunities¹⁾

>2 billion EUR
active funding

- **CSSF** – Conflict, Stability and Security Fund
- **UKISF** – UK Integrated Security Fund
- **UKDI** – UK Defence Innovation Fund
- **DASA** – Defence and Security Accelerator



DE funding opportunities¹⁾

~500 billion EUR
planned funding

- **GDIF** – The German Defence and Infrastructure Fund



NATO funding opportunities¹⁾

>1 billion EUR
active funding

- **NIF** – NATO Innovation Fund (NIF Investment Management Team & 24 NATO Allies)
- **DIANA** – Defence Innovation Accelerator for the North Atlantic (NATO)
- **SPS** – NATO Science for Peace and Security (NATO)

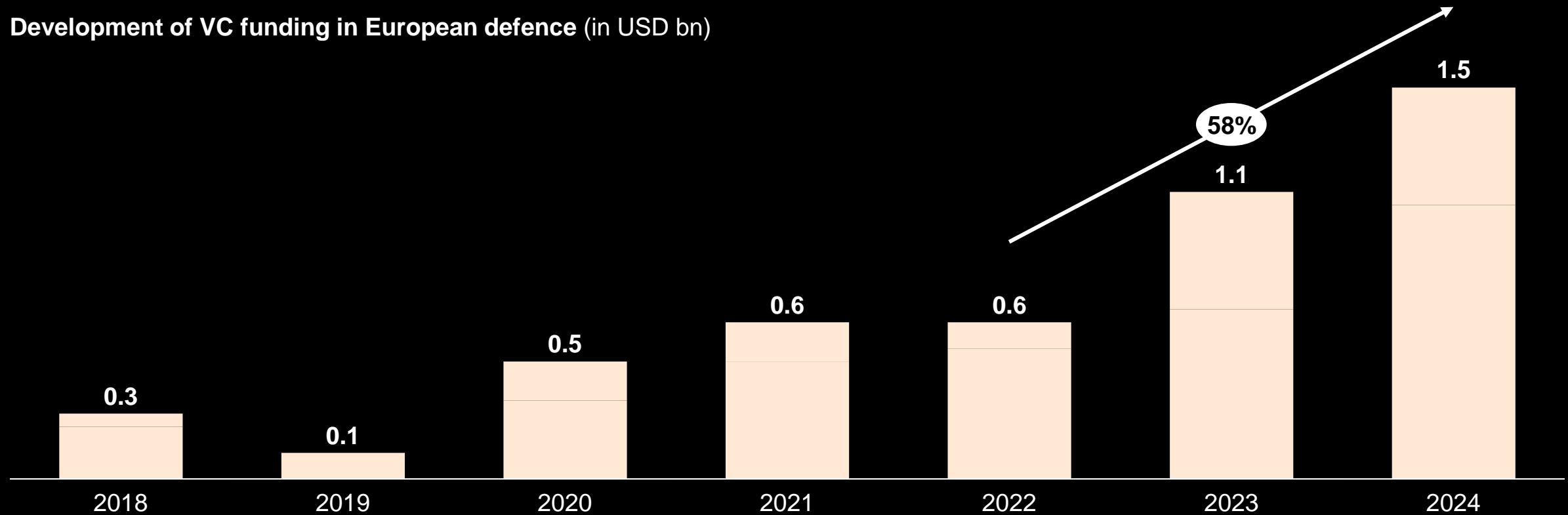
Total est. funding volume²⁾

>670
billion EUR

will be mobilized by the EU and NATO Member States to fund **defence R&D**, innovations in **dual-use technologies**, and advancements in **disruptive technologies**.

Investors – private sector investment is unprecedented

Development of VC funding in European defence (in USD bn)



 VC funding for European defence increased by 58% since the full-scale invasion of UKR by RUS

Defence Primes are also evolving

Legacy business models



Prime systems integrator
(e.g. Raytheon)



Portfolio company
(e.g. L3 Technologies)



Sub-system supplier
(e.g. Honeywell)



Specialized services provider
(e.g. Leidos)

Disruptive business models

Value chain integrator

Extend capabilities across the value chain to improve quality, efficiency and innovation

Connected physical products (CPP)

Support Joint All-Domain Command and Control by linking marine / ground, air and space assets

Ecosystem / platform orchestrator

Provide capabilities for cross-platform integration and seamless exchange of complex, multi-layered dimensions

Anything as a service (XaaS)

Provide end-to-end delivery of a platform or mission with capabilities on a pay-as-you-go basis (e.g., sustainment)

Examples

L3Harris acquisition of Aerojet Rocketdyne to thicken IP content on platforms



Lockheed's 5G.Mil network creates new opportunities to connect operations in real-time

Anduril has developed a system-agnostic AI platform to ingest and interpret surveillance data



Lockheed has contracted Sustainment-as-a-Service for the F-35 for US and foreign military customers

The number of new entrant, SME and Defence start ups has exploded

Top list of Defense & Mission-Critical VC Funds You Should Know.

If you are a Founder of a [#US](#)-based [#CriticalInfrastructure](#), [#DualUse](#), or especially [#Defense](#) startup and looking to connect with some of the best specialized [#VC](#) funds out there — this is a list of absolute top-notch crews to have on your radar:

Scout Ventures - Dual-use national-security tech investor at Seed / Series A, you can talk to [Zach Beecher](#).

Squadra Ventures - Early-stage cyber & national security, [Isaac Carp](#), CFA is the man to know.

Harpoon Ventures - Deep-tech & dual-use for Seed - A startups.

Black Flag - Built by Harpoon + Shield + IQT for critical-tech founders. Apply here <https://www.blackflag.vc/> and [Riley Loftus](#) or [Matias Zorrilla](#) can have a look.

First In - Early-stage security-tech investor.

Outlander VC - Pre-seed & seed, led by Marines, defense-tech focused. Led by founders and operators.

Point72 Ventures - A veteran-led fund across pre-seed to growth; backers of Shield AI

Decisive Point Ventures - Seed & Series A in government, public safety, defense tech

Moonshots Capital - Veteran-founded seed/A-round fund with 13 unicorns

Alumni Ventures - Top-quartile pre-seed to growth with defense & dual-use startups

Context VC - Great early-stage pre-seed to Series A, broad dual-use backing and very strong SOCOM, military expertise on board. - [Patrick Kelly](#).

\$2.5 Billion!

Anduril just raised a \$2.5 Billion Series G - mind-blowing.

Valuation: \$30.5 Billion.

In just 36 months, they've raised over \$5.5 Billion. It's insane

Series E? \$1.48B (2022)

Series F? \$1.5B (2024)

Every top-tier VC wanted in the raise. The round was 8x oversubscribed.

Backers include [Andreessen Horowitz](#) (A16Z), Founders Fund (\$1B lead), & General Catalyst.

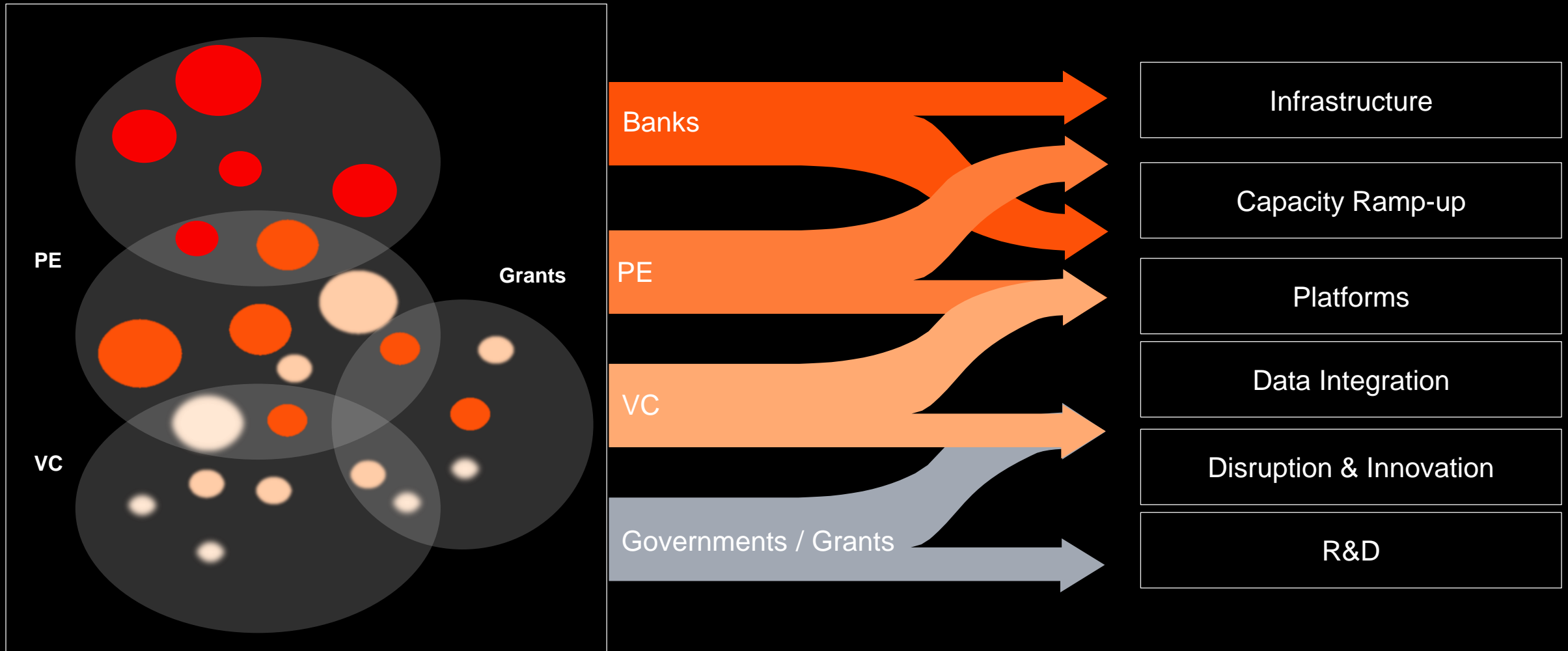
Some serious names who know how to scale, and are starting to go all-in on defense tech.

Anduril has built a new model for defense - super fast paced, aggressive, and product-first.

Here's what they're up to:

- Building Arsenal-1, a gigantic manufacturing facility in Ohio
- Partnering with [Archer](#) (eVTOL) and expanding in the UK
- Deploying UAS/UAVs, autonomous towers, and sentries across battlefields
- [#DontWorkAtAnduril](#) viral campaign that massively helped hiring

The Special Financial Operation... harnessing the power of the ecosystem



The Special Financial Operation... recommendations

1

Create a single “front door” for investment. Need to have people with 3 skills sets: 1. Understand how investors work 2. Understand how Government Defence works 3. Understand the warfighter

2

Develop a clear demand signal – what outcomes are you seeking?

3

Reduce procurement timescales. If you want agile, innovative suppliers, you have to be an agile innovative customer

4

Develop cross territory coherence across investments. Avoid duplication, champion collaboration

5

Primes - Compete hard, collaborate hard. Your client wants the best
Start ups – be investable

6

Be clear on your preferred type of investment and risk appetite

Key:

Government

Industry

Investors

Thank you!



Steven Kershaw

Global Security & Defence Leader
PwC

steven.kershaw@pwc.com

We would like to engage in further discourse, do feel free to make contact



My business card to your phone