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Converting momentum into *capability*

The state of Danish defence supply

Denmark's defence is scaling to meet a rapidly changing security requirement. This report looks at where the real opportunity for Danish industry lies, where the friction is, and what would help close the gap between the two.





The question this report answers

Denmark's defence spending has roughly tripled in four years, from DKK 21.8 billion in 2022 to DKK 63.8 billion in 2026, and the country's total defence economic framework now runs to DKK 357.5 billion through 2033. The Nordic region as a whole has grown defence spending at a compound annual rate of around 15 percent since 2022. On any measure, the capital is committed. We ask: can the industrial base convert that capital into fielded capability at the pace politicians have promised, and if the pace is uneven, where specifically does it slow down?

Conversion runs through four stages, each with its own lag: a budget line becomes a signed contract, a contract becomes a qualified and fundable order, a qualified order becomes production at scale, and production becomes a fielded, sustained capability. Money can sit at any of the first three stages without ever reaching the fourth, and that is not a criticism of anyone in particular; it is simply how defence markets work when demand accelerates faster than the systems built to absorb it.

This report is an account of where that stall happens today, drawn from conversations with companies across the Danish defence ecosystem, spanning Tier 1 and Tier 2 component suppliers, established primes' subcontractors, and newly formed UAS and counter-UAS specialists, read alongside current market data and Implement's own accumulated work in the sector.

The consistent finding, across every conversation, is that demand is real and likely durable, and the constraint has moved – it is no longer whether the money exists but whether the qualification pipeline, the supply chain, and the buying organisation can absorb it fast enough. Industry expects high growth over the next five years, and so do investors. But slow security clearances, long case-processing times and immature procurement dialogue are practical limits on how fast that growth can be realised. This report works through those limits one at a time, and points, where we can, to what would help.



The scale of the moment

The Nordic defence industrial base comprises roughly 760 companies across the four countries, with a combined turnover of around EUR 12 billion in 2023 and about 53,000 direct jobs. Denmark's share is modest relative to its neighbours: around 120 companies, roughly EUR 1 billion in turnover, and 5,500 direct jobs, against Finland (EUR 3bn, 10,100 jobs), Norway (EUR 3bn, 9,000 jobs) and a Swedish ecosystem, the most vertically integrated in the region, worth EUR 6 billion and 28,400 jobs on its own.

Country	Companies	Turnover (2023)	Export share	Direct employment
Denmark	~120	~€1 bn	82%	~5,500
Finland	~160	~€3bn	42%	~10,100
Norway	~230	~€3bn	77%	~9,000
Sweden	~250	~€6bn	61%	~28,400
Total	~760	~€12bn	—	~53,000

Table 1: Scandinavian defence base - turnover, export share, and direct employment

Denmark's base is small, and still unusually export-facing: 82 percent of production leaves the country, the highest share in the Nordics, consistent with a base of niche specialists rather than a domestic mass-production sector. It is also geographically concentrated, in a way that shapes where the opportunity actually lands: drones cluster around Odense, Aalborg, and greater Copenhagen; the maritime base around Frederikshavn, Esbjerg, and Funen; radar and sensors around Copenhagen and Aarhus; C4ISR and mission software around Aarhus and Copenhagen; and maintenance and overhaul around Karup, Billund, and Grenaa. For a company deciding where to build capacity or seek partners, these are local ecosystems with existing skills, suppliers, and infrastructure to build on.

The composition of current demand is also telling. Of 368 proposals received into Denmark's Acceleration Fund, the largest single category by volume was drones, followed by individual soldier equipment, land military capacities and intelligence and situational awareness, while maritime capacities and coastal defence made up one of the smallest categories. The implication is a broad, fragmented surge across many smaller capability categories that favour suppliers who can move fast and work across several categories at once, over those waiting for a single large platform decision to land.





Capability category	Proposals
Drones	129
Individual soldier equipment	71
Land military capacities	63
Intelligence and situational awareness	49
Air defence and aviation	42
Maritime capacities and coastal defence	14

Table 2: Proposals received into Denmark's Acceleration Fund, by category

Where the demand is real, and where it is noise

The clearest signal across our conversations is capacity, not appetite. Large European primes have spent decades sourcing from a small number of local, often under-scaled suppliers, and that historical base does not always have the capacity, the balance sheet, or the appetite to scale to what the primes now need. That gap, more than any shortage of orders, is where Danish suppliers consistently see their opening, by offering capacity relief for supply chains that are structurally too thin for the volumes now being placed.

“The capacity isn’t there yet.
The demand is.”

Some of that pressure has arrived from outside Europe entirely, and changes what ‘demand’ means in practice. Conflict in the Middle East has drawn down European and allied stockpiles further, and several suppliers describe demand roughly quadrupling even for traditional, unglamorous capabilities, not only for the newer categories that get most of the attention. At the same time, some procurement processes have genuinely sped up, with less administrative friction than a few years ago, and demand has visibly shifted towards radar and other situational-awareness capabilities, as the threat picture broadens. Two further shifts stand out.

Space is moving from a supporting capability to a central one, for communications and situational awareness alike, and several suppliers linked this directly to unease about depending on a small number of non-European providers for critical connectivity. Data sovereignty, keeping sensitive defence data under European or national control, has become a live procurement theme in its own right, rather than a background compliance question. Both shifts point towards European buyers increasingly wanting European alternatives, including in categories where reliable European alternatives do not yet fully exist, and suppliers who can credibly offer one are being noticed well beyond Denmark. Several described new openings with French primes specifically, looking for European alternatives to American systems.

“Four times the demand,
and the shelves were already thin.”

It is also, on the weight of the evidence, still early. Budget increases take time to become signed contracts, contracts take time to become qualified and fundable orders, and qualified orders take time to become production ramp. Suppliers we spoke with estimated the heaviest pressure on the supply chain is still twelve to twenty-four months away, even though order books already look stretched, which suggests today's bottlenecks are a preview rather than the peak.

“We've felt the first ripples.
The wave hasn't arrived.”

Current market pricing supports this reading. Across the European defence transactions we track, the premium multiples go to businesses with a sole-source position, proprietary technology, or aftermarket-anchored revenue a competitor cannot simply rebuild, not to the largest businesses and not to defence exposure as such. Execution-led component and protective-equipment suppliers without that kind of moat, including several newly formed platforms not yet proven at integration, sit at the lower end of the range. Our interviewees describe the same split in their own words: those with a genuine technical moat describe something close to a seller's market, while those competing on price in a commodity category, the low-cost drone segment above all, describe fierce and fast-consolidating competition, and expect the market to settle around a handful of national winners within a few years. One larger, more diversified supplier put the same point in scale terms where individual programmes only become worth pursuing once they can support several hundred million Danish kroner in revenue, which naturally sorts the market between suppliers built for that scale and those better suited to smaller, faster-moving niches.





Geopolitics and durability

Two views on durability recur, and they sit well alongside each other rather than in conflict. One holds that the driver of the current cycle is less the war in Ukraine itself than the shift in US posture towards NATO. Several interviewees credited pressure from Washington, more than the war, with triggering the scale of European rearmament now underway, and read that as a signal the build-up will persist regardless of how or when the war in Ukraine concludes. The growing pull towards European-sourced space and communications capability, and away from reliance on a small number of non-European providers, is one concrete expression of the same shift.

“What started this wasn't the war.
It was Washington.”

The more cautious view is that dependence on Ukraine-linked demand and supply is worth actively hedging. A peace settlement could reduce both the urgency of some purchases and the availability of some current low-cost Ukrainian inputs, and industry estimates suggest a large share of Ukraine's own newly formed defence companies, a base that has grown roughly thirty-five-fold in production capacity since 2022, may not survive a ceasefire without consolidation. Both views argue for building supplier relationships and capability on their own merits, not solely on today's Ukraine-linked demand.

On comparative maturity, Sweden and, to a lesser extent, Finland are repeatedly held up as the most decisive buyers in the region, willing to place volume quickly once a decision is made, and further along in translating legislative resilience frameworks into obligations that reach well beyond the formal defence sector, to almost any workshop or production facility that could plausibly contribute to national supply security in a crisis. Denmark is still building out a comparable doctrine for wartime mobilisation, and several interviewees see this, more than any single procurement decision, as the biggest lever still to pull for long-run industrial resilience.

“In Sweden and Finland, they
get started. In Denmark, we're still
deciding who gets to decide.”

The maturity gap

If one theme unites nearly every conversation, it is that the binding constraint on growth is industrial and organisational maturity, not capital and not demand. That maturity gap reveals five compounding problems.

Qualification cycles remain a genuine wall for anyone only now entering the market. Swapping a validated component on a commercial truck or excavator might take twelve to eighteen months. Doing the same on an armoured vehicle can take four to six years, because military buyers are, understandably, conservative about anything that touches how a vehicle steers or fires and has little room to get it wrong. That conservatism has built over decades of low-volume relationships during eras of peacetime and asymmetric warfare. Following the return to symmetric warfare doctrines, several understaffed acquisition teams are moving towards standard, off-the-shelf specification because they no longer have the resources to specify custom detail, which is opening the door for new entrants faster than before.

The physical bottleneck increasingly sits in specific military-standard sub-components, not in general manufacturing capacity or raw materials. Several suppliers can absorb almost unlimited demand for standard industrial inputs, metal, cabling, paint, while being capped by lead times of 100 to 150 days on specialised, certified connectors and similar parts. The suppliers of those specific components are often reluctant to invest in new capacity, reasoning that the current surge could cool within four or five years and leave them holding underused plant. That means the industry's real expansion constraint is not steel or floor space in general; it is a short list of specific, named, certified parts, and whoever secures reliable supply of those first stands to capture a disproportionate share of the growth. A related pattern shows up one level up the chain and several interviewees pointed out that American technology firms tend to develop speculatively, ahead of a signed contract, while European firms more often wait for the contract before committing development spend. That difference in appetite for risk is one reason European supply, Danish supply included, sometimes lags European political ambition on buying European, since some of the specified European content genuinely does not exist yet on the timeline a tender requires.

“ The metal is easy to get.
The certified connector is not.”

And this is the clearest shift among the more advanced Danish mid-caps; the response has been to move flexibility out of the balance sheet and into the supplier network. Rather than build another factory whenever internal capacity tightens, the older default, several companies now deliberately keep their own investment a step behind expected demand and lean on a wider, qualified partner network to absorb the peaks instead, thereby designing flexibility into the network rather than the plant.





The same suppliers are candid that this only works if the customer side commits too. A long-term, credible order signal from government is what actually justifies the investment, more than the size of any single contract, and more than one supplier described being genuinely capacity-constrained today not because they could not build the capacity, but because nobody had yet given them a commitment worth building against.

“ We used to invest ahead of demand.
Now we invest just behind it, on purpose.”

Export licensing and cross-border approval have become a live and growing constraint in their own right, distinct from qualification cycles. As European suppliers export further afield, including to conflict-affected regions with urgent need, several described the relevant licensing authorities as simply not yet resourced or structured for the speed the moment requires. The same friction shows up, in a smaller and more everyday way, in ordinary cross-border tendering, where one supplier described waiting close to two years for approval on a contract worth a little over two million euros, a delay entirely out of proportion to the size of the job. Neither example reflects bad faith on the part of the authorities involved. Both reflect administrative capacity that was built for a slower, lower-volume era and has not yet caught up with current demand, and both are areas where a modest investment in case-handling capacity would likely pay for itself quickly in unlocked delivery.

The same growth that is pulling in capital is pulling on a narrow, shared pool of qualified engineers and technicians, and this, more than any broader workforce question, is the labour constraint that actually shapes industrial capacity. Component and system suppliers alike describe being constrained on engineering headcount specifically, competing for the same small pool of people against adjacent sectors such as automotive, offshore, and industrial electronics, which are not shrinking either. The constraint is not confined to Denmark and one supplier with production across several countries pointed to comparable shortages further afield, suggesting the binding limit is genuinely European. For many Danish suppliers, next year's real ceiling therefore will be how many qualified engineers can be hired, trained, or borrowed from a partner network in time, and that argues for treating workforce planning as a supply-chain discipline in its own right.



What the better-positioned suppliers are doing about it

Relationships still decide more than raw capability, at least for now. Several suppliers were candid that winning business today is substantially a function of who has known whom for years inside a genuinely small European defence community, and that new entrants, however capable, must work to gain a foothold. Most expect this to change within two to three years, as the sector industrialises and the supply base professionalises beyond its current tight, personally networked core. That is, on balance, a good thing as the advantage will increasingly go to documented capacity, quality systems, and delivery track record rather than to who was in the room first.

What actually earns that trust is more concrete than it might sound. Suppliers who have successfully broken into OEM and prime supply chains point to a consistent, learnable set of things: a proven international track record rather than a first-time pitch, a standardised production setup an OEM can audit quickly, and, increasingly, a manufacturing footprint spread across more than one country, which primes read as a resilience signal in its own right rather than a nice-to-have. The willingness to invest ahead of a fully secured order, within reason, also stands out as a genuine differentiator, since it signals a level of commitment few smaller suppliers can match.



They want to see more than one factory before they commit.”

Engaging before the requirement is written is the single most valuable move for Danish suppliers. In the Danish system, the operational requirement is drafted with the armed services at the analysis stage, long before any tender appears, and that is the moment a supplier's capability is effectively designed in or out. A market survey, the formal step where industry capability goes on the record, is precisely where a supplier can shape a requirement towards what it can actually deliver. Yet market surveys have in the past been skipped in a majority of major Danish programmes, which means the highest-leverage conversation in the whole process is often the one that never happens. For a supplier, the practical implication is stark, since talking only to the buying organisation once a tender is live is arriving at perhaps the last third of the game. The earlier, quieter conversations, with the services who define the need, are where positions are really won.

Danish component and subsystem suppliers are also, deliberately, targeting the OEM and system-integrator layer rather than the defence customer directly. This reflects a broader shift: national defence organisations that once acted as their own systems integrators are stepping back from that role, and expecting the market to supply finished, integrated capability instead. That leaves component suppliers building relationships one tier further up the chain than a decade ago, with OEMs who carry the integration risk and the offset obligations, and who are themselves actively looking for capacity to plug gaps in their own supply base. For many Danish companies, that OEM relationship, not a direct line to the ministry, is the more productive place to invest.

Several of the more established suppliers now describe the goal as building genuine ecosystems, not just winning individual contracts, working with primes and fellow suppliers at platform, system, and subsystem level all at once. That points towards a specific, practical ask of the defence customer using contracting models that genuinely support co-development, rather than the classical model of a fixed specification handed down and bid on. Several suppliers see this, more than any single funding programme, as the change most likely to help them invest with confidence.

Service and maintenance represent a long-tail opportunity that the focus on new orders tends to obscure. Once a platform enters service, it has to be maintained, repaired, upgraded, and supported for its full life, and this in-service phase is exactly where several past Danish programmes have historically lost momentum, and where the buying organisation itself is now placing more emphasis. For suppliers, sustainment and through-life support are a source of durable, recurring revenue that is far less exposed to the timing of new-order cycles than a one-off delivery, and that the market currently under-prices relative to the headline platform contracts. It is also a natural entry point: a supplier that proves itself on maintenance and upgrades earns the credibility, and the customer relationship, that makes the next new-build conversation easier.

On speed, the most useful reference point for Danish industry has become a direct commercial one, rather than battlefield doctrine: companies that can genuinely iterate, test, and re-certify quickly are already winning share, even inside a formally slow system, while those relying purely on classical multi-year qualification cycles are losing ground to faster-moving Nordic peers. Several Danish suppliers now deliberately source components and engineering talent from Ukraine for exactly this reason, not out of sentiment, but because Ukrainian firms have genuinely compressed the time from need to fielded solution under wartime pressure. The same suppliers are equally clear that origin is not a quality signal in itself, and that sourcing decisions still have to be judged case by case against Chinese, American, or domestic alternatives on cost and performance.

“ Not everything is excellent just because it's Ukrainian.”

The Denmark-specific opportunity

Beneath the findings above sits a more structural, and more specifically Danish, question since the country has no domestic prime contractor, and has not yet fully settled which capability areas it wants to build sovereign strength in. Neither is a flaw so much as an open choice, and how Denmark answers it will shape where the next decade of industrial value actually lands.

As things stand, there is no single natural integrator to absorb systemic risk. Several interviewees suggested that a Denmark-scale prime, something closer to a national champion for defence in the way Novo Nordisk or Lundbeck function for life sciences, would help by coordinating supply chains and absorbing integration risk in a way no single actor currently does. They were equally clear that growing one organically in the short term is unrealistic, and that being formally named prime on a complex system is often more a contractual label than an operational reality, since responsibility is, in practice, shared across many subcontractors regardless of who signs the head contract. The more realistic path, several suggested, is less about creating a national champion from scratch and more about a small number of Danish mid-caps deliberately growing into that coordinating role together.

Many suppliers would welcome closer, earlier dialogue with the Danish defence organisation, and see real upside in building that channel out further as the organisation itself scales. Several compared their experience favourably with dialogues in Norway and Finland, and noted that a fast-growing acquisition organisation, still building out its own bandwidth, cannot yet be everywhere the industry would like it to be. It also helps to be precise about who ‘the customer’ actually is. Responsibility is spread across several bodies in which the armed services define the operational need, the ministry and the acquisition organisation choose the procurement route and run the tender, the Finance Committee gates the money, and the Danish Business Authority administers the industrial-cooperation regime that carries much of a supplier’s commercial upside. Each is a distinct relationship, and the ones most suppliers under-invest in, the services upstream and the Business Authority downstream, are precisely the ones furthest from the visible tender. A practical, low-cost step several proposed is an industry advisory function that draws on expertise already inside Danish companies, alongside the organisation’s own hiring, rather than relying on new recruitment alone to close the gap quickly.

Understandably, political leaders are careful about making explicit industrial-policy choices, since doing so can surface real tension between competing domestic bidders. That caution is reasonable given the stakes, and it also means a clear, forward-looking signal, even a partial one, tends to be worth more to industry than its political cost might suggest, because it lets companies plan capacity and hiring with more confidence. It is worth adding that the process itself rests largely on the ministry’s own guidelines rather than on statute, and is among the least formalised and transparent among comparable small countries, which is part of why a clearer, more predictable signal would go so far.





Financing is quietly becoming easier, and that is a genuine tailwind worth naming. Major Danish banks have explicitly reopened to the defence sector, within the bounds of international conventions, which lowers the sector-risk premium that until recently sat on top of any defence financing conversation. At the same time, the extraordinary order flow is creating a real need further down the value chain for working capital, performance guarantees, and capital-expenditure financing, and Danish public instruments through EIFO, alongside EU and European Investment Bank facilities, are increasingly available to help meet it. The state has also taken direct stakes where it judged supply security to require it, becoming a co-owner of domestic ammunition production and restarting a dormant facility. For a supplier, the practical point is that the financing environment is markedly friendlier than even two years ago, and the constraint is now less the availability of capital in principle than the ability to present a credible, well-governed investment case for it, which is itself a solvable problem.

EU-level funding is seen as directionally right and not yet a fast or reliable source of capital for most Danish companies. In 2021, Denmark contributed EUR 73 million to the European Defence Fund and Danish entities were awarded EUR 6 million back, a gap of EUR 67 million in a single year. Several interviewees attributed this less to any quality gap in Danish technology than to how EU awards are typically won: through large, multi-country consortia often shaped in-house by bigger national primes before smaller countries' companies hear about the opportunity. By contrast, several found direct, smaller-scale financing through the Danish Ministry of Defence noticeably faster and more productive. That points to a concrete opportunity where building Danish capacity to help shape EU-level projects earlier, alongside continuing to use the national instruments that already work well. It is worth watching the newer European instruments here, since the SAFE facility and the EDIP programme both channel money specifically towards production scale-up, joint procurement and supply-chain resilience, and both carry European-content requirements (EDIP sets a floor of at least 65 percent EU content in supported projects) that make a credible European supplier more valuable, not less. Denmark's own industrial-cooperation arrangement, the obligation on foreign suppliers winning larger contracts to place a matching share of work with Danish industry, follows a similar pattern. The register of who owes what is public, and by several accounts, few Danish suppliers track it closely, which leaves a straightforward, low-cost lever with more room to run. A genuinely open European single market for defence procurement, several suggested, would help more than any single national scheme, by giving Danish suppliers a fair run at contracts currently won largely on incumbency.

A newer, more specific gap is worth flagging while it is still small enough to solve well. Several suppliers described customers now asking for data-security assurances that go well beyond standard NATO certification, without a shared industry standard yet in place to answer consistently. That is exactly the kind of gap best closed early and collaboratively, between industry, certification bodies, and the defence customer, before it hardens into another slow, fragmented compliance burden layered on top of the ones already described above.

Implications for Danish companies entering or scaling in defence

Taken together, the evidence points to a market that rewards a narrower set of behaviours than the boom headlines suggest. The premium goes to positions a competitor cannot rebuild quickly, such as proprietary technology, a qualified sole-source slot on an active programme, or aftermarket-anchored revenue that persists independent of new-order cycles. For most component and subsystem players, building a credible position with OEMs and Tier 1 integrators is more productive than chasing the defence customer directly, since those integrators are themselves under pressure to scale their own supply base. A track record, a standardised and auditable setup, and a manufacturing footprint that spans more than one country are concrete, learnable ways to earn that trust faster. Engaging upstream, before the requirement is written, and downstream, on sustainment and through-life support, opens positions that a live tender no longer can. Monitoring and actively working Denmark's public offset-obligation register is a concrete, low-cost step many companies have not yet taken. And treating supply-chain maturity, certified-component security of supply, export-licensing lead times, and engineering headcount, not top-line growth, as the constraints to plan around is the more reliable predictor of who turns today's order book into a defensible position over the next three to five years.





The pressing question for organisations in the Danish defence industry

Is your organisation geared to convert heightened demand into fielded capability at the pace now being asked of the sector?

This report opened with a version of that question, asked of the Danish industrial base as a whole. As the preceding pages set out, the advantage in this market is won through qualification cycles, supply security in certified sub-components, export licensing, and production network flexibility – in the operating model as a whole, rather than on the order book alone.

The useful question for any single company is whether it is set up to deliver at that pace today, or whether there is room to strengthen these capabilities before the heaviest demand arrives.

If that is a question worth exploring for you, we would welcome an informal conversation about how to approach it. We would draw on our work with defence companies in Denmark and internationally and are happy to share candidly what has worked and what has not.

A note on sources and confidentiality

This synthesis draws on semi-structured interviews conducted by Implement Consulting Group across the Danish defence ecosystem in Q2 2026, current market insights and transaction data, and Implement's own accumulated client and market work in the sector. Short quotations drawn from interviews are used only as illustrative anchors for points made more fully in the surrounding text, and are not attributed to any company, role or individual, consistent with the confidentiality committed to participants.



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