



The Official Defence Intelligence
Partner for DPRTE 2026

Opening the
Door for SMEs
in Defence:
Findings on
Access,
Innovation
and Growth

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What This Report Covers

- **Where Defence Spending Is Going** — the policy shifts and budget commitments driving a new era of MOD investment, and what that means for the supplier landscape.
- **How the MOD Is Opening Access to SMEs** — new structures and initiatives designed to reduce complexity and bring non-traditional suppliers into the defence ecosystem.
- **What Suppliers Need to Do Differently to Compete** — moving beyond passive bidding to the engagement strategies, intelligence tools, and positioning approaches that create real advantage.

Part One: Where Defence Spending is Going

Defence is moving up the national agenda with speed and intent. For suppliers, understanding this shift — and acting on it now — is the difference between being positioned or being overlooked.

2.5% of GDP — With 3% in View

The UK government has committed to spending **2.5% of GDP** on defence — a significant uplift that signals long-term intent. A trajectory towards **3%** is firmly in view, reflecting the growing recognition of defence as a national priority.

Rising spend means more programmes, more contracts, and more supplier opportunities across every tier of the supply chain. The MOD now holds the largest capital budget of any UK government department, and the pipeline shows no signs of slowing.

The significance of this moment cannot be overstated. The UK — and Europe more broadly — has recognised the need to stand on its own two feet. The result is a sustained, structural increase in defence spending driven by three converging forces:

A More Contested World. Political leaders across the UK and Europe recognise we are living in a more unstable, more contested world — and that we are responsible for our own defence and security.

Adjacent Sectors Are in Scope. The MOD is actively reaching into sectors like automotive, where the skills, experience and capacity exist to help deliver the defence effect the UK will need. If your capabilities are relevant, there is a route in.

A Clearer Demand Signal. The upcoming Defence Investment Plan and recent spending announcements are creating a more stable, forward-looking demand signal — giving suppliers the ability to position themselves well ahead of time.

“““ It couldn't be any more significant. You can't overstate the importance of what's going on at the moment

John Kite, Supplier Relations Team Leader, UK Ministry of Defence

Priority Areas Suppliers Should Watch

Defence investment is concentrated in a handful of high-priority capability domains. Suppliers with relevant offerings – or the potential to develop them – should pay close attention. The Defence Industrial Strategy identifies the following as sovereign capability priorities:

- Nuclear and Deterrence.** The Dreadnought submarine programme and broader nuclear enterprise represent sustained, long-term investment requiring specialist supply chain support at every tier.
- Shipbuilding and Combat Systems.** The National Shipbuilding Strategy is generating significant demand for engineering, systems integration and advanced manufacturing capability across UK industry.
- Complex Weapons and Munitions.** Sustained conflict in Europe has accelerated demand for complex weapons and munitions, driving urgent investment in production capacity an supply chain resilience.
- Autonomous and Uncrewed Systems.** Lessons from Ukraine have demonstrated that drone technology is now a battlefield consumable – single-use, rapidly iterated, and required at scale. This is a domain where non-traditional suppliers can make an immediate contribution.
- Cyber, Digital and AI.** The MOD is actively procuring AI-enabled solutions across autonomous systems, cyber defence, predictive logistics and decision intelligence – and this is today’s procurement reality, not a future pipeline.
- Cryptography and Sensitive Technologies.** Sovereign capability in information operations and secure communications remains a core priority.

What the Data Shows: Q1 2026 Contract Activity

DCI’s market intelligence platform tracked **327 defence contract awards with a combined value of approximately £9.9 billion** in the period from December 2025 to March 2026 alone. That volume of activity – across a single quarter – is the clearest possible signal that the defence market is not waiting. The breakdown by sector confirms that investment is flowing precisely where the Defence Industrial Strategy says it should:

- General Defence:** 297 awards, £9.6 billion – the dominant sector by volume and value, spanning the full breadth of MOD programme activity.
- Weapons & Munitions:** 4 awards, £154 million – reflecting the urgent restocking and capacity investment driven by sustained European conflict.
- C4ISR / Cyber:** 12 awards, £96 million – consistent with the MOD’s accelerating procurement of digital, AI, and cyber-enabled capabilities.
- Training & Simulation:** 7 awards, £4.8 million – a growing area as the MOD invests in readiness and capability development at scale.

Q1 2026 Defence Contract Awards by Sector (December 2026 – March 2026)



The Market is Moving Faster than Procurement

Defence capability needs are evolving at a pace that traditional procurement frameworks were never designed to accommodate. The contrast is stark:

-22 Months	Typical MOD procurement cycle from requirement identification to contract award
6-8 Weeks	The iteration cycle of battlefield technology in active theatres

Procurement cycles averaging nearly two years create a structural lag between operational need and contracted solution. Suppliers who wait for formal tender processes will consistently be behind.

Early, intelligent engagement is now a competitive requirement.

The gap between procurement speed and operational tempo is not a temporary friction — it is a structural feature of the current defence environment. Those who engage early — building relationships, demonstrating relevance, and shaping requirements before formal processes begin — gain a measurable advantage over those who enter at tender stage.

“If you’re waiting for an invitation to tender to appear, you’re already behind.”

John Rodigan, Business Development Manager, DCI

Before you Engage, Do the Homework

Credibility in defence procurement begins long before a tender is published. Buyers expect suppliers to demonstrate genuine understanding of the policy landscape and capability priorities. Three steps create the foundation:

- 1. Read the Key Defence Strategies and Reviews.** The Strategic Defence Review, the Defence Industrial Strategy, and the Defence Command Paper are essential reading. Understand the intent, not just the headlines. The Defence Industrial Strategy alone contains over 93 separate mentions of small businesses — that signals the direction of travel at the highest levels of the department.
- 2. Understand the Capability Priorities.** Map your offering against the domains where MOD investment is concentrated. Generic capability statements will not cut through — specificity signals seriousness.
- 3. Work Out Where Your Offer Fits.** Identify the specific programmes, directorates, or supply chain tiers where your capability is most relevant — then build your engagement strategy around that precision.

Part Two: How the MOD is Opening the Door

A new route for SMEs and non-traditional suppliers — built to reduce complexity, remove historic barriers, and improve access to the defence supply chain.

“““ Our intent is to make it easy to transition from these commercial environments into defence.

John Kite, Supplier Relations Team Leader, UK Ministry of Defence

From Defence Complexity to Clearer Access

The creation of the **Defence Office for Small Business Growth (DOSBG)** represents a structural commitment to making the MOD a more accessible customer — not just in rhetoric, but in operational practice. It is the MOD's direct response to a problem that has long kept capable suppliers out of the market: the sheer navigational complexity of the defence ecosystem.

Established in January 2026 with ministerial backing from Luke Pollard (Minister for Defence Readiness), the DOSBG is specifically designed to take away the burden of navigating UK defence for any supplier that needs support. Critically, it does not restrict itself to businesses meeting the strict SME legal definition — it will assist any supplier who needs help entering or growing within the defence market.

The DOSBG is not a passive signposting function. It is an active capability-matching and market-entry support mechanism built around three core operating principles:

Listen

Actively engages with suppliers to understand what they can deliver — and where that capability might intersect with live MOD requirements.

Connect

Provides direct signposting to the relevant programme teams, frameworks, and commercial channels — rather than leaving suppliers to navigate alone.

Support

Helps suppliers enter the market with clarity, credibility, and commercial purpose — from understanding procurement norms to effective positioning.

The DOSBG is targeting full operating capability by **December 2026**.

“““ We need to curate the whole of the defence ecosystem — not just the primes.

John Kite, Supplier Relations Team Leader, UK Ministry of Defence

This statement signals a fundamental reorientation of MOD supplier strategy — one that places SMEs, specialists, and new entrants at the centre of defence industrial policy, not its periphery.

The structure of the defence supply market is evolving. Primes remain central, but the ecosystem around them is expanding — creating new entry points and collaborative routes for capable suppliers.

The Primes — BAE Systems, Leonardo, Babcock, MBDA and others — remain the backbone of defence delivery, but increasingly rely on agile SMEs to fill capability and innovation gaps. The MOD works with approximately 15 major strategic partners and is actively working with them to open up subcontracting and partnership opportunities.

Trade Bodies and Clusters — Organisations such as ADS, Make UK Defence, and regional defence clusters provide critical convening, intelligence, and advocacy functions that help SMEs build market visibility.

New Entrants and Specialists — SMEs bringing fresh capabilities in autonomy, cyber, advanced materials, AI and data analytics are increasingly welcomed — and sought — by both primes and the MOD directly.

Not Every SME Opportunity is About Breakthrough Innovation

There is a persistent belief that only businesses offering genuinely groundbreaking technology stand a chance in the defence market. This creates a barrier that puts capable, reliable suppliers off engaging altogether.

The Myth

Only highly novel technology wins in defence. High-tech credentials are assumed to be mandatory. SMEs self-select out before even trying, and genuine capability goes unrecognised.

The Reality

The MOD needs suppliers who can deliver consistently, at scale, and within complex programme environments. Reliability, quality, and supply chain resilience are every bit as valuable as novelty. Trusted delivery partners are in active demand.

“There is a whole range of suppliers out there who are doing fantastic work within the supply chain. They wouldn't necessarily characterise themselves as innovators — simply good quality companies delivering goods and services into the wider defence environment.

John Kite, Supplier Relations Team Leader, UK Ministry of Defence

The Gap Between Innovator and Supplier

Access to early-stage innovation support has improved. Programmes such as DASA, SBRI, and the Defence Innovation Unit have made it easier for novel ideas to enter the MOD's awareness and attract initial funding.

But the harder — and more commercially significant — challenge is **converting innovation into sustained, contracted supply chain delivery**. Moving from funded innovation to repeatable, contracted supply is where many SMEs stall. This transition requires commercial maturity, supply chain credibility, and a clear route to programme integration.

The goal is not a single contract — it is becoming an embedded, dependable part of the defence supply chain. That requires a deliberate commercial strategy, not just a strong technology proposition.

The recently stood-up **UK Defence Innovation (UKDI)** function is specifically designed to address this gap, working alongside the DOSBG to create a more coherent pathway from innovative concept to operational deployment.

Are You Chasing the Right Route to Market?

There is no single correct route into the defence market — but there is the right route for your business at this stage of your journey. Getting this choice wrong wastes time and resources.

Direct to MOD is viable for niche specialists and those responding to direct capability gaps — but requires understanding of MOD procurement norms and often a longer relationship-building cycle.

Through a Prime or Strategic Partner is the most accessible route for the majority of SMEs. Primes actively seek capable sub-tier suppliers — but expect demonstrable quality, reliability, and commercial alignment.

Both — With Different Tactics is the approach of the most sophisticated suppliers, who pursue a dual-track strategy: building prime relationships whilst maintaining direct MOD visibility. This requires differentiated messaging and deliberate resource allocation.

Most SME Opportunity Sits in the Supply Chain

The commercial reality is clear:

-25%

of MOD spend with small businesses is direct — a route requiring significant commercial and compliance maturity.

-75%

flows through the wider supply chain — via primes, tier-one integrators and framework agreements.

This is not an argument against pursuing direct MOD contracts. It is an argument for ensuring your supplier strategy reflects where the volume of opportunity sits — and for building prime relationships with the same rigour as direct engagement.

The Intelligence Advantage: What DCI Tracked in Q1 2026

Behind every awarded contract is a pipeline of earlier-stage notices that most suppliers never see — or see too late. In the same Q1 2026 period, DCI monitored **56 Pre-Market Engagement (PME) notices with a combined anticipated value of £7 billion** — opportunities at the earliest stage of the procurement lifecycle, where supplier positioning still matters. Alongside these, **134 contract notices worth over £1.4 billion** were published across the defence sector — spanning General Defence (70 notices, £1 billion), Weapons & Munitions (3 notices, £237 million) and Defence Infrastructure (58 notices, £149 million).

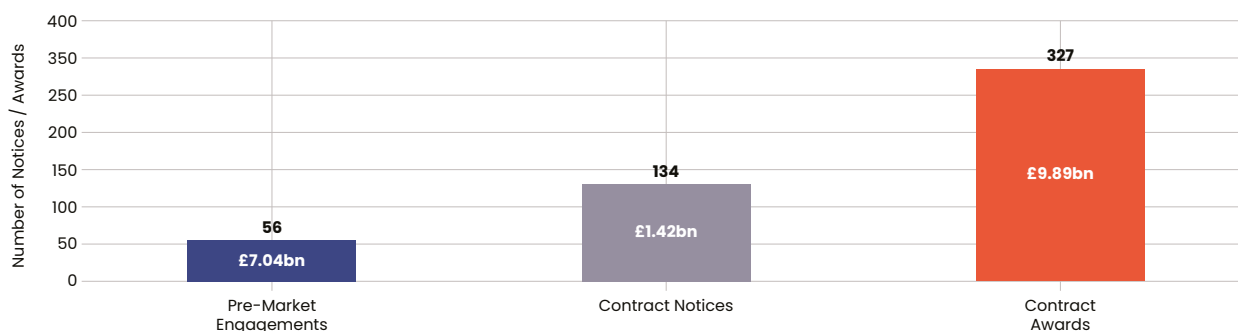
56

Pre-Market Engagement notices combined anticipated value: £7 billion

134

Contract notices worth over £1.4 billion published across the defence sector

DCI Q1 2026 Intelligence Pipeline — Notices, Awards & Pre-Market Engagement



Most suppliers see only a fraction of this activity. Those who invest in structured market intelligence — tracking PMEs, pipeline notices and early-stage procurement signals — gain weeks or months of lead time over those who rely on formal tender alerts alone.

DPRTE: A Faster Way Into the Defence Conversation

DPRTE brings together the full breadth of the UK defence community in one environment, creating concentrated access that would otherwise take months to replicate.

Meet Decision Makers

DPRTE attracts MOD procurement leads, programme managers, and commercial directors – the people who shape requirements and influence supplier selection long before tenders are published.

Understand the Ecosystem

See how the market is structured, which primes are active in which domains, and where collaborative opportunities lie across the UK's defence industrial base.

Build Conversations

DPRTE compresses months of cold outreach into focused, context-rich interactions – creating the foundation for commercial relationships that compound over time.

Live Intelligence from DPRTE 2026

DCI's market intelligence platform ran live throughout DPRTE 2026, capturing procurement activity in real time across the two-day event. The data illustrates exactly why event attendance alone is not enough – and why intelligence alongside engagement matters.

In the 7 days to 23 March, **26 contract awards** were published with a combined value of **£1.27 billion** – compared to just 6 awards worth £8.1M the previous week. In the last 4 weeks, **20 Pre-Market Engagement notices worth £526 million** were published – including significant Aerospace & MRO (£159 million) and C4ISR/Cyber (16 notices, £358 million) activity.

Top Awards Driving This Week's Activity

Award	Awardee	Value
Rotary Wing Enterprise Transition Phase	Boeing Defence UK	£1,068,000,000
Small & Medium Calibre Ammunition Framework	General Dynamics OTS – Canada	£122,000,000
BBMF Lancaster Aircraft PDS Contract	BAE Systems (Operations)	£4,200,000
TIESE Contract Extension	Irvingq	£900,416
FDIS – St Athan External Refurbishments	Antac Support Services	£683,427

While delegates were in the room building relationships, the market was simultaneously publishing over £2 billion of live activity. Suppliers with access to DCI's live intelligence were able to track both dimensions in parallel – turning DPRTE from a single-channel event into a full-spectrum market engagement.

“We've got some really fantastic speakers from across Defence talking over the two days. DPRTE gives us the opportunity to create collisions between people and organisations – I think that is invaluable from our perspective.

John Kite, Supplier Relations Team Leader, UK Ministry of Defence

Part Three: What Suppliers Need to Do Differently

How to Get on the MOD Radar Earlier

Visibility in defence procurement does not begin at tender stage — it is built incrementally through deliberate, early engagement.

Step 1 — Start with the Office of Small Business Growth. This is your most direct access point into the MOD. The Office exists specifically to help SMEs understand the market, identify relevant routes, and connect with the right people — before procurement formally begins.

Step 2 — Find the Right Route and Contacts. Don't rely on generic procurement portals. Use DCI to identify the right contracts and prime contractor relationships most relevant to your capabilities — giving you direct visibility of live opportunities and the right people to engage, before a tender is even published.

Step 3 — Engage Before Procurement Formally Begins. Requirement shaping, supplier awareness and informal capability assessment all happen before an ITT is published. Suppliers who are present at this stage consistently outperform those who arrive at tender.

The Supplier Challenge Isn't Opportunity — It's Focus

The defence market is vast, fragmented, and opaque. Capability requirements are distributed across hundreds of programmes, procurement routes, and supply chain tiers — making it genuinely difficult to know where to focus.

Without a structured approach, suppliers spread effort too broadly, engage too late, or pursue opportunities that were never truly accessible. Time and commercial resource are wasted at the highest-cost stage.

The solution is intelligence — structured, curated, actionable market insight — to focus commercial effort on the right opportunities, at the right time, through the right channels.

The instinct in a growing market is to pursue every visible opportunity. In defence, this is a costly mistake. Procurement processes are long, relationship-intensive, and resource-heavy. Pursuing the wrong opportunities — or the right ones too late — drains the commercial capacity you need for the bids you can win.

The suppliers gaining ground in today's defence market are those who invest in understanding the landscape before they invest in pursuing it.

Winning in Defence Takes More than Bidding

The suppliers who thrive in this market don't just respond to opportunities — they create the conditions for winning them. Three disciplines separate those who win consistently from those who bid repeatedly without result.

Policy Awareness

Read the strategies. Understand the priorities. Know which capability domains are receiving investment — and ensure your positioning reflects that understanding every time you engage.

Map the Supply Chain

Identify the primes, integrators, and tier-one suppliers active in your target domains. Understand the existing supply chain structure and locate the genuine gaps where your capability creates value.

Engage Early

Start conversations before procurement begins. Use the Office of Small Business Growth, attend DPRTE, and build the relationship infrastructure that means your name is already known when the tender lands.

The window between market signal and tender publication is where competitive advantage is built. Use it.

The 2026 Supplier Playbook

The opportunity in the UK defence market is real, substantial and sustained. But the market rewards preparation, not reaction. Here is what the suppliers who will win are doing right now:

1. Reading the strategies — the SDR, the Defence Industrial Strategy, the Defence Command Paper — and aligning their positioning accordingly
2. Engaging with the Defence Office for Small Business Growth as their first point of contact into MOD
3. Mapping prime contractor supply chains to identify where their capability fits at tier two and below
4. Tracking pipeline notices at the earliest stage — engaging before formal procurement begins
5. Pursuing innovation funding routes — DASA, SBRI and direct innovation contracts — as complementary entry pathways
6. Attending DPRTE and industry events to build the relationships that precede procurement decisions
7. Investing in market intelligence that tells them not just what is available — but what is genuinely winnable
8. Operating a dual-track strategy: pursuing growth whilst actively protecting existing positions

The window for positioning is now. The suppliers winning in 2026 are preparing today — not waiting for the next tender alert.

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Framework Descriptions and Personal Insights



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