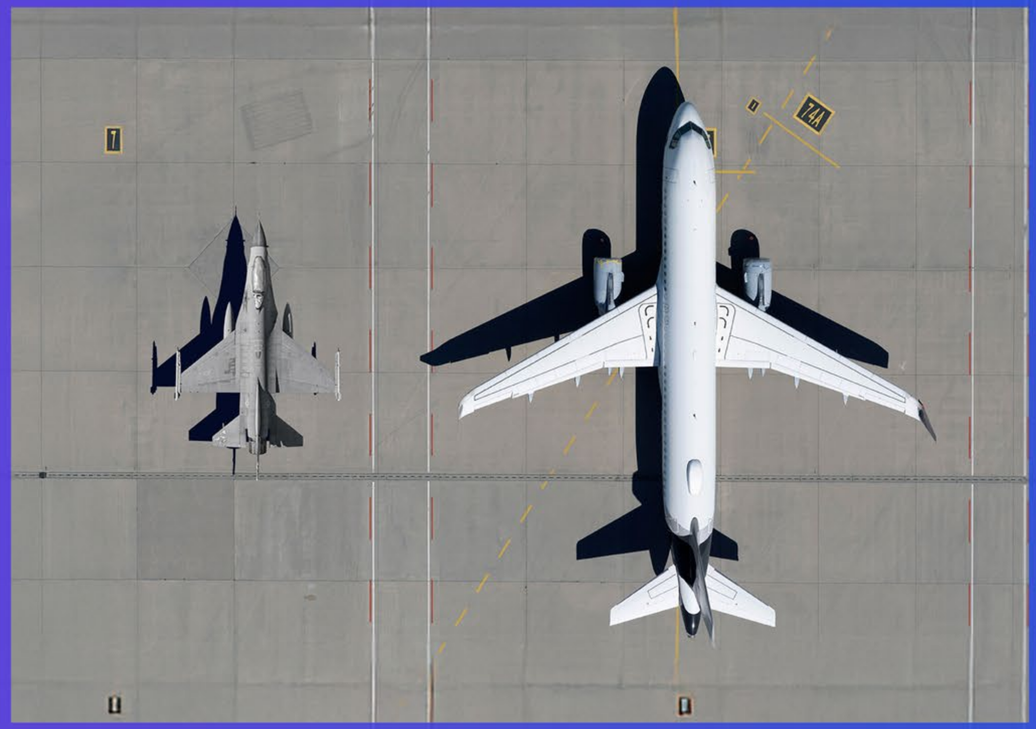
# Emerging trends in aerospace and defense 2025

## Navigating a new era of innovation and resilience



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# Foreword

The global aerospace and defense (A&D) sector is growing rapidly. Airbus and Boeing predict more than 40,000 new commercial jets will be manufactured over the next 20 years.[1] And global defense spending rose by nearly 10 percent in 2024, its fastest growth rate in nearly four decades.[2]

At the same time, however, the sector is undergoing fast-paced and disruptive change across a wide range of areas. The agenda is continuously shifting based on rapidly evolving geopolitical change and technological advancements. Sustainability remains a key topic for the sector but, in some ways, is being overshadowed by what is viewed as more pressing issues, including supply chain sovereignty and talent attraction. As such, A&D leaders and defense departments will need to take a much more holistic view of their strategies to thrive in the current environment.

This report is intended to help sector executives, defense leaders, suppliers and investors make the most of the rapid change now underway across the sector. The report explores 10 emerging trends that will influence A&D decision-making over the coming years. These themes were developed based on in-depth interviews with industry executives and government leaders, input from KPMG's global A&D leadership and our own research.

Rather than simply focus on the challenges, this report strives to provide A&D executives and decision-makers with practical and actionable insights and clear takeaways to better understand the challenges and identify the opportunities.

On behalf of KPMG's Global A&D network, I would like to thank all of those industry leaders and KPMG professionals who contributed their time and ideas to this paper. To learn more about the topics raised in this report, I encourage you to contact your local KPMG member firm.

**Grant McDonald**
Global Sector Leader, Aerospace and Defense
KPMG International

[1] *Airbus, Boeing Raise 20-Year Forecasts For Aircraft Deliveries*, Ainonline, 2023
[2] *Trends in world military expenditure, 2024*, Stockholm International Peace Research Institute, April 2025

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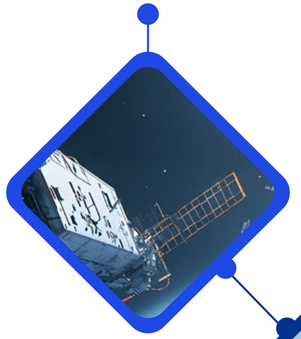

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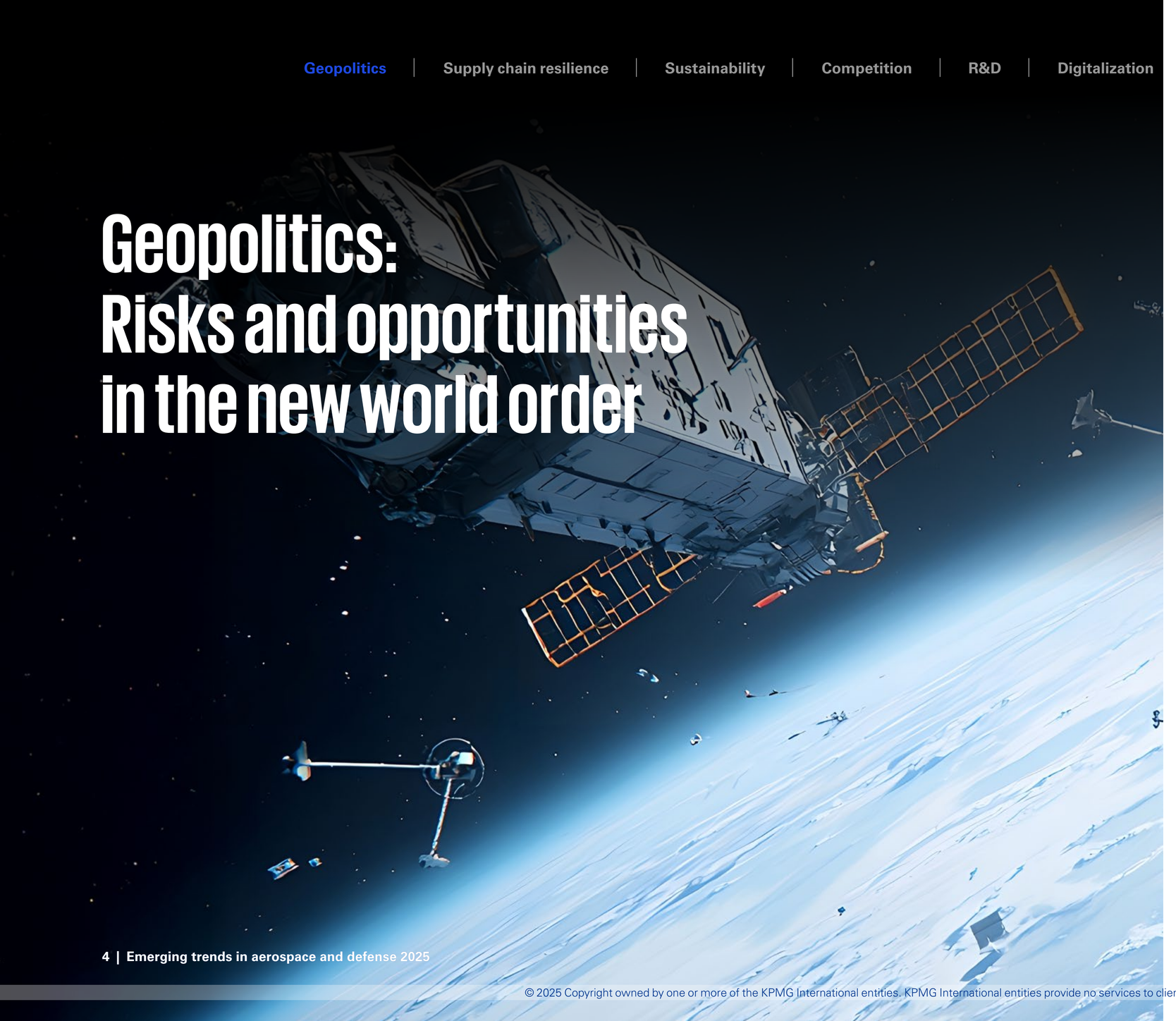
# Geopolitics: Risks and opportunities in the new world order



**As the world's geopolitical foundations shift, Aerospace and Defense (A&D) players face significant risks and opportunities. Surviving and thriving in this environment may require A&D organizations to rapidly innovate, scale and transform.**

The global world order has recently been shaken. Russia's invasion of Ukraine brought instability back to Europe. The 2023 attack on Israel by Hamas, led to a full-scale war in Gaza and subsequent tensions with Hezbollah in Lebanon and the Houthis in Yemen. Beyond the Middle East the traditional world order continues to shift.

Meanwhile, many governments are becoming progressively more concerned about industrial sovereignty and capacity. Trade tariffs (some positioned as supporting the creation of new national industrial capacity) are being implemented at an astounding rate. Export bans — such as those on semiconductors and rare earth minerals — are rewiring supply chains. Increasing expectations about security of supply and concerns about a global trade war, are leading to rapid friendshoring and reshoring.

The new tariff environment has already created waves of disruption across the commercial aerospace sector, with China reportedly returning 50 pre-ordered Boeing aircraft, in part due to escalating tariffs that would see customers in China paying up to 125 percent more than their original cost.[3] Meanwhile, Delta Air Lines in the US, recently suggested they would defer delivery of new aircraft from Airbus while tariffs remain in place.[4]

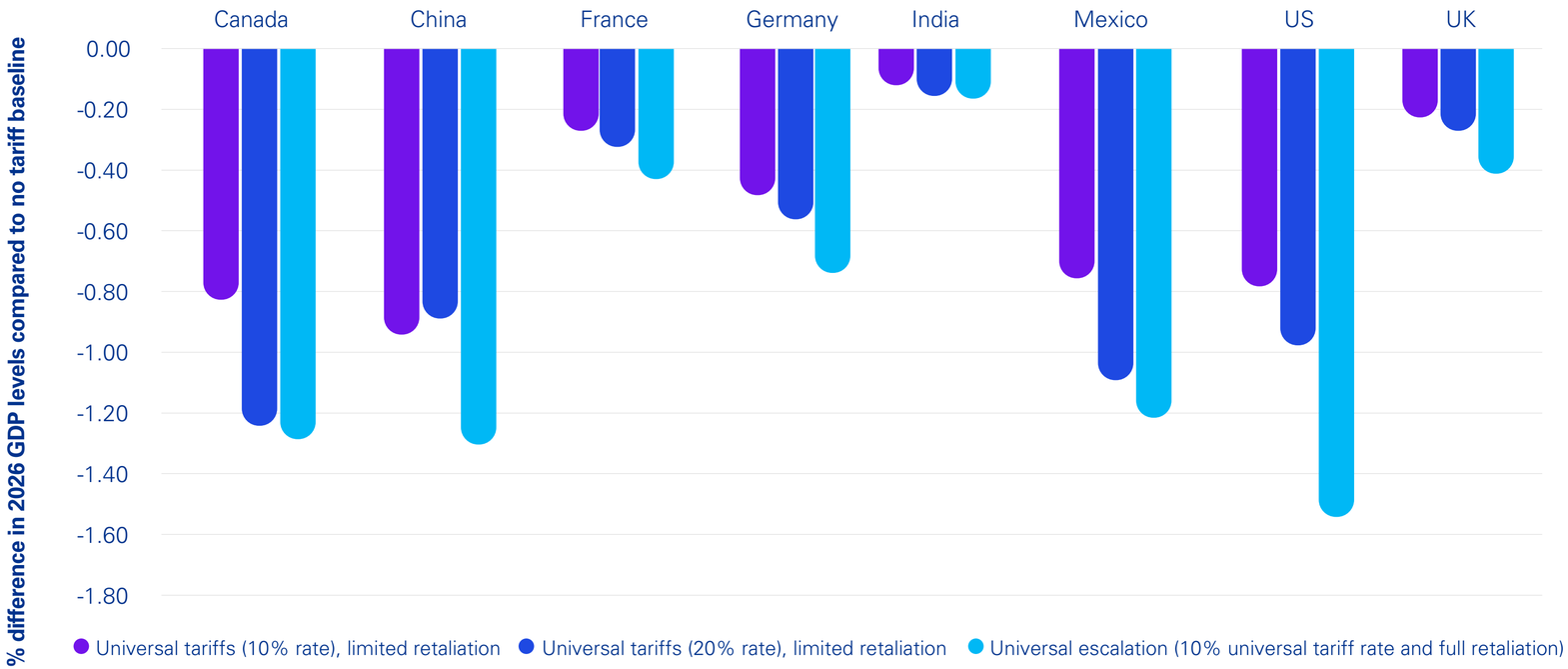
[3] *China sends Boeing planes back to US over tariffs*, BBC World News, April 23, 2025
[4] *Delta Plays Hardball, Refuses To Pay Tariffs on New Airbus Airplanes*, One mile at a time, April 10, 2025

"The new global era we have now entered is much more complicated and dangerous than anything we've lived through before," suggests Erez Henig, Special Advisor for Aerospace and Defense, KPMG in Israel. "Europe has announced massive investment plans and that we will see more budget and increased investment going to defense companies over the coming years."

According to KPMG's *Top geopolitical risks 2025* report that was launched early in 2025, there are three major geopolitical risks threatening A&D companies in particular. The first is a tectonic shift in power, economic centers and trade.

## A tectonic shift

### GDP impact of tariff scenarios on selected economies




Source: KPMG analysis using Oxford Economics global model

In the main ring will be the US and China who will continue to aggressively compete, predominantly in sectors that both deem strategically important for national security — defense, space and aerospace, for example, as well as AI, quantum computing technologies, communication and data security. At the same time, a group of middle powers are expected to grow their geopolitical influence over the next decade, largely using pragmatic diplomatic approaches and preferring transactional stances based on fostering their economic and social development. Geopolitical tensions will likely continue to create challenges impacting industrial, defense and foreign policies.

> **"The new global era we are now entering will be much more complicated and dangerous than anything we've lived through before."**
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> **Erez Henig**
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## From risk to opportunity

Given the accelerating pace of change in the geopolitical environment, the growing demand for sovereign capabilities and the rapid transformation of threats and technologies, A&D players should be seeking to urgently transform their organizations and their business strategies to deliver on their growth expectations.

Based on KPMG professionals' extensive work supporting A&D organizations through geopolitical change, here are five things A&D leaders could be doing to help navigate this period of disruption:

**01** **Take battlefield lessons**
The conflicts in places like Ukraine and the Middle East are providing ample lessons and insights for defense organizations everywhere. A&D leaders should be watching current conflicts closely to identify new innovations and trends. More often than not, war can be the crucible of innovation.

**02** **Rethink lifecycles**
While there will always be demand for exquisite systems that provide a technological edge, today's rapidly evolving geopolitical environment requires A&D organizations to adapt their innovation and manufacturing processes to meet the new reality of smart mass solutions to counter new and emerging adversary threats.

**03** **Find the growth opportunities**
Overall demand for defense technology and equipment may be set to rise. But converting demand into sales and relationships will require A&D companies to get much closer to their customers in terms of innovation, capability sharing and demand shaping.

**04** **Build partnerships**
With so much currently in flux, partnerships and other forms of alliances can be a smart way to create value through innovation, collaboration and even production. Such arrangements allow A&D companies to draw capabilities and innovation from outside of the organization without investing significant upfront capital.

**05** **Actively manage the risks**
Develop a vision for managing geopolitical risks that aligns with strategic objectives. Communicate this vision across all levels of the organization to ensure a unified approach, to position geopolitical risk as a potential asset that can drive value.

However, despite these various geopolitical changes, market signals suggest globalization is shifting but not ending. Some world leaders may use tariffs and incentives as a negotiating tool, but alternative sourcing is a longer-term challenge. Even if geopolitics causes a decline in global trade, companies still have options to form new alliances and partnerships, new sourcing options, and innovative business and operating models.

## Globalization fragmented

The second major geopolitical risk facing the A&D sector is the fast-moving and politicized technology landscape, which is seeing shifting alliances, national security concerns, fragmented regulations and accelerated innovation catalyzing significant changes in A&D investment choices and supply chains.

Amid concerns about national security, companies are under pressure to buy technology — especially advanced AI chips — from suppliers that are geopolitically aligned with their home nation. Geopolitical competition over access to technology (such as semiconductors, quantum computing technologies and AI data centers) is encouraging the development of local or regional technology standards and supply chains. Concurrently, new AI companies from Asia and other regions could challenge US firms' AI dominance, disrupting the technology market and democratizing AI with low-cost, open-source models.

Growing geopolitical tensions mean that regulations may harmonize in some regions and fragment in others and continue to shift according to changing political regimes. In this environment, A&D companies may want to closely monitor the regulatory environment, build alliances with critical suppliers to ensure availability of key hardware, and diversify into cloud services distributed across multiple geographies.

As Carter Copeland, Chief Strategy and Performance Officer at CAE notes, civil aviation is a rare area where most of the world's regulators are aligned. "We're guided by our mission to make the world a safer place through training. And the deep desire for safety-based outcomes is not unique to one market or government. That allows us to really focus on bringing the best possible training outcomes and best possible technology for the benefit of the world."

## Increasing conflict, increasing demand

The third major risk for A&D players is also a potential opportunity. This KPMG geopolitics report predicts growing conflict as geopolitical rivalries, competition for resources, cyberattacks and climate change disrupt supply chains and threaten assets and infrastructure.

Defense companies should quickly develop additional innovative and effective solutions, which may require a strong mix of startup-like innovation combined with large-scale, industry-level manufacturing infrastructure.

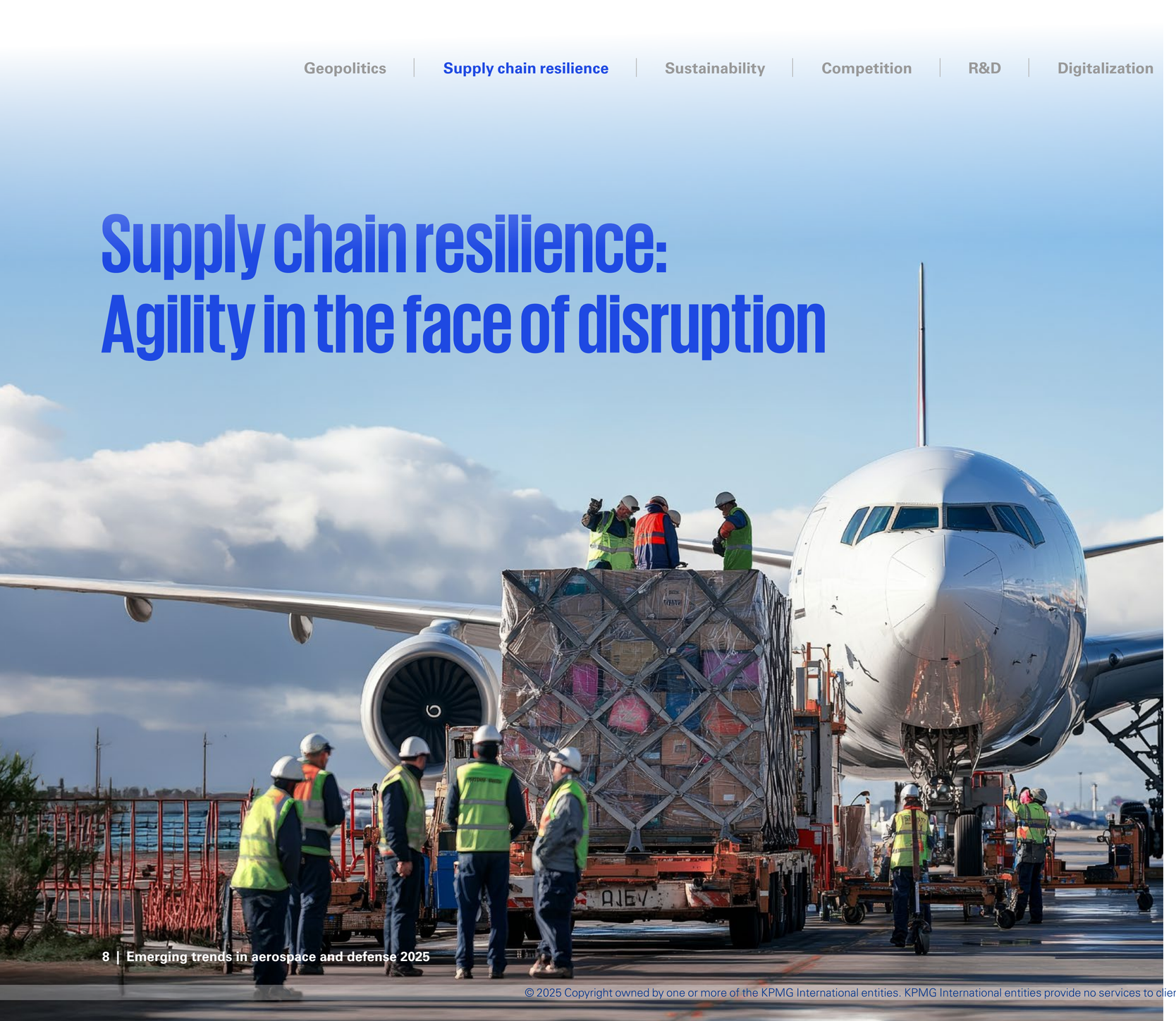
Ultimately, A&D executives may seek to gain confidence in an ever-changing geopolitical environment to achieve their growth ambitions.

> **"The deep desire for safety-based outcomes is not unique to one market or government."**
>
> **Carter Copeland**
> **Chief Strategy and Performance Officer at CAE**

### How KPMG can help

KPMG's global network has the experience and capabilities to assist defense organizations — both public and private — in navigating the complexities of geopolitical uncertainty. This includes sharing operational and technological lessons learned from conflicts across the globe. Additionally, KPMG provides threat analysis and forecasting of technological development across relevant areas of conflict, develop an interorganizational defense-tech innovation system, and foster global partnerships with defense companies, as well as engage in the scouting and M&A of defense-tech firms.

# Supply chain resilience: Agility in the face of disruption



**Aerospace and Defense (A&D) supply chains are coming under significant pressure. Concerns about national security and sovereignty are rising. And events over the past few years have clearly demonstrated the need for greater supply chain resilience and agility.**

The world is emerging from a period of intense globalization and, in some respects, appears to be trending towards isolationism. During previous periods of economic growth, many organizations' supply chain strategies focused on just-in-time logistics while ensuring they were delivering or receiving goods in full and on time.

More recently, the foundations underpinning global supply chains have started to come undone. The COVID-19 pandemic sent fractures through global supply chains. The health emergency showed that — in times of crisis — critical supplies may suddenly be unavailable or withheld by other governments. That undermined trust and forced governments to look at sovereign capabilities. The ensuing supply chain disruptions that followed the pandemic turned long supply chains and just-in-time inventories into major risks. Nearshoring, friendshoring and reshoring became key topics.

Now, tariff disputes and export bans — particularly on key resources such as rare earth minerals, key supplies of aluminum and critical technology components such as semiconductors — are leading to growing concerns about supply availability and cost. Unpredictable geopolitical changes and national security concerns are forcing A&D organizations to rapidly restructure their supply chains once again, this time towards more friendly (and lower tariff) markets.

As industries strengthen their supply chains, the A&D sector faces increased scrutiny on sourcing due to government regulation, including measures to promote domestic production and increased demand for thorough tracing of parts. Increasingly, governments view supply chains as tools for economic and political stability.

While supply chain risks are nothing new to the A&D sector, the impact of those risks in the face of concerns around national security is becoming a growing challenge. "A&D companies are starting to see significant change in the frequency and variety of their supply chain-related risks, notably the size and scale of their impacts," adds Peter Liddell, Global Sustainable Supply Chain Lead for KPMG International. "As a result, we are seeing supply chain risks being monitored and measured far more than they were previously."

## Embedding agility

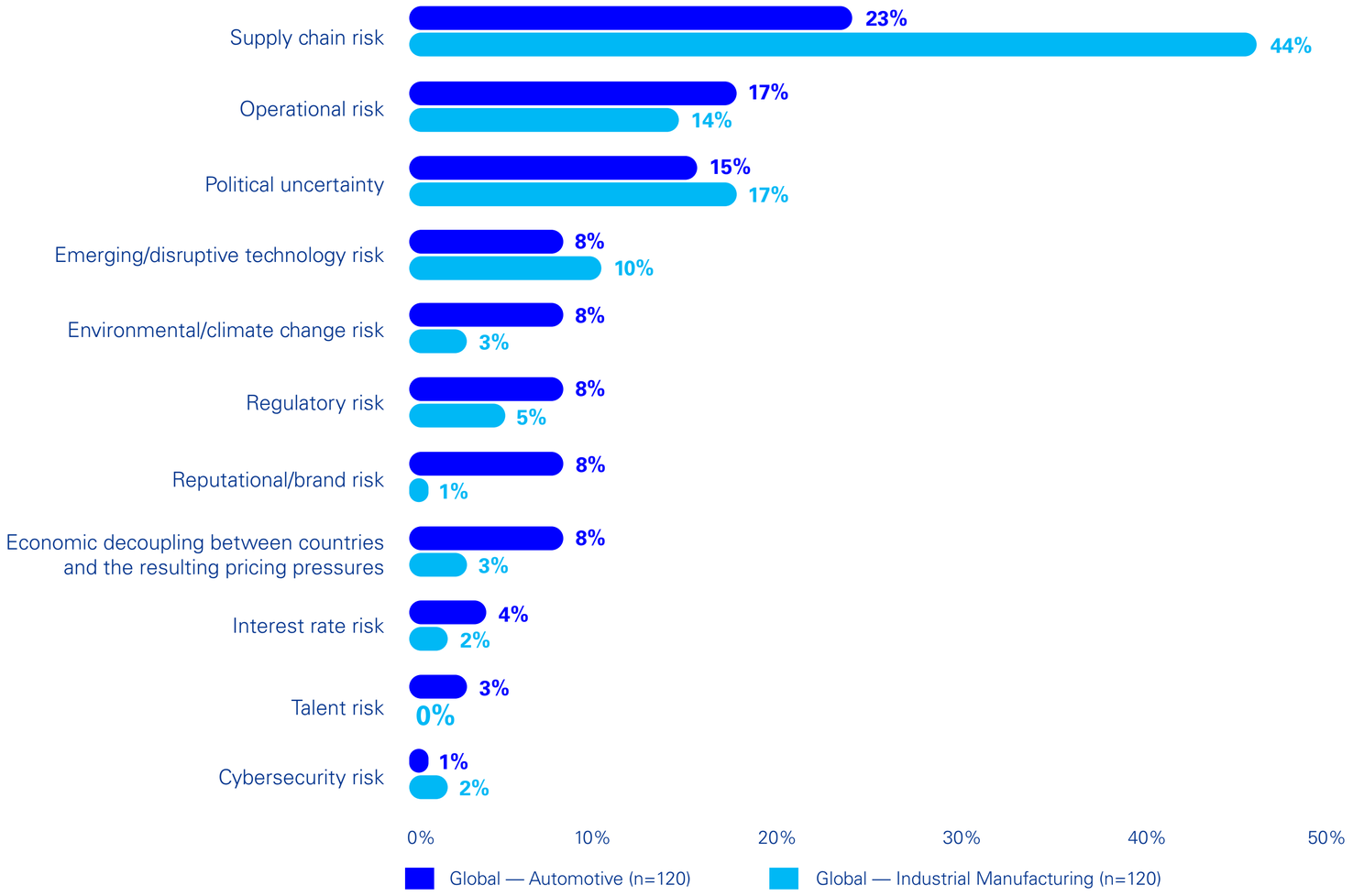
According to a recent global survey of CEOs conducted by KPMG International, supply chain risk is — by far — the greatest threat facing industrial manufacturing organizations over the next three years. KPMG firms work with leading A&D players suggests that some organizations are taking steps to mitigate risks and enhance resilience across their supply chains.

"Supply chain agility is going to become more important as trading relationships and supplies of key components and resources become more volatile as a result of new tariffs," notes Brenda Walker, Global Head of Government and Public Sector, KPMG International "Supply chains may need to become much more flexible and transparent to ensure the end products can be delivered on time and on budget."

The leaders in this area are those taking a much more proactive approach to creating supply chains that are agile and more responsive to change and disruption. They are looking to get much greater visibility to include in-transit visibility into their supply chain — going down into tier 4 suppliers and beyond — to get real-time (or near real-time) data on their operations. The leaders are also making better use of digital twins to enhance visualization and control.

"We are now seeing significant improvements in our supply chain. We have adopted new digital and AI-enabled tools to help us better assess the market, not only across our tier 1 suppliers, but also our tier 2 and tier 3 suppliers," said Francisco Gomes Neto, CEO of Embraer. "We have put in place rescue teams to support suppliers to resolve some of

### Threats to organization's growth over the next three years




Source: KPMG 2024 CEO Outlook

their bottlenecks and our efforts towards production leveling are helping us better distribute our production across the entire year."

Like Embraer, a growing number of A&D supply chain leaders are now seeking continuous improvements by maximizing data insights for rapid decision-making, leveraging automation for operational efficiency and advancing risk management for sustainable growth. That is leading them to embrace the possibilities of new technologies such as artificial intelligence (AI), internet of things (IoT), data and analytics, robotic process automation (RPA), blockchain, and other cutting-edge capabilities.

"In recent years, the trend towards multidimensional supply chain resilience has become increasingly crucial, allowing A&D players to identify vulnerabilities like limited supplier diversification and geographic constraints," adds Amie Ahanchian, Principal, Trade and Customs, KPMG in the US. "This shift highlights the market's pivot towards more diversified, resilient supply chains and the careful adoption of advanced technologies to enhance sustainability and risk management."

> **"We are now seeing significant improvements in our supply chain visibility and flexibility."**

**Francisco Gomes Neto**
**CEO of Embraer**

## Driving transformation

Drawing on the KPMG firms experience in A&D supply chain transformation, here are five considerations to help industry leaders create more resilient and agile supply chains:

**01 Quantify the risks**
We are seeing A&D companies start to map their supply chains in detail, digging down multiple levels to assess their supply chain risks, identify potential points of failure and prioritize efforts for enhancing resiliency. A&D companies may need to evaluate the risks they are willing to take and the costs of risk mitigation to strategically manage uncertainties within their supply chains.

**02 Apply predictive analytics**
KPMG professionals are helping companies absorb global data sets and use AI to sense for signs of disruption, applying machine learning (ML) capabilities to then help drive next best actions to proactively manage supply chain risks, reposition inventory and meet changing customer needs.

**03 Start from a blank page**
Many leaders are taking a 'greenfield' planning approach to their supply chain strategy, starting with a view of their future customer requirements and then assessing how their existing facilities and assets help support that and where they need to invest in order to fill the gaps.

**04 Explore enabling technologies**
New and rapidly evolving technologies such as AI and digital twins are reshaping supply chain capabilities. As noted in KPMG International's *The Future of Supply Chain* report, KPMG professionals are also seeing increasing uptake of digital ledger technologies within the supply chain to improve data visibility and traceability.

**05 Prioritize people**
The most successful A&D supply chain organizations put significant effort into managing their workforce strategy and upskilling their people to operate and improve their supply chain capabilities. Leaders should adapt to new technologies and decision-making processes. In some cases, new roles and responsibilities may need to be developed.

## Seeing the bigger picture

Advanced technologies are only part of the solution. As we note in the digitalization trend, many A&D organizations will need to step up their digitalization efforts if they hope to reap the value of these new technologies. Improving the quality and timeliness of data flows across the supply chain will also be key.

A&D organizations increasingly recognize the need for structural changes to the design of supply chains to reduce risk, shorten lead times and establish redundancies. This may be complicated by the uncertainties of the current geopolitical landscape and the lack of clarity on the tariff structure and framework, as well as the reality that redundancy requires investment.

Perhaps most importantly, however, is the need for a fundamental mindset shift about supply chain management in the A&D sector. Supply chain leaders should become more predictive, prescriptive and proactive. New ways of working may need to be established to enable faster decision-making. Greater collaboration into the lower tiers of the supply chain, across the enterprise and throughout the ecosystem may likely be required. So, too, may employee upskilling and development (a topic we explore in more detail in the workforce trend).

In the current environment, supply chain leaders should be aware of the uncertainty around geopolitical issues, how emerging technology could bring profound change, and how industry transformations may require new operational and workforce approaches. It requires A&D supply chain leaders to have a much more holistic view of the world.

### How KPMG can help

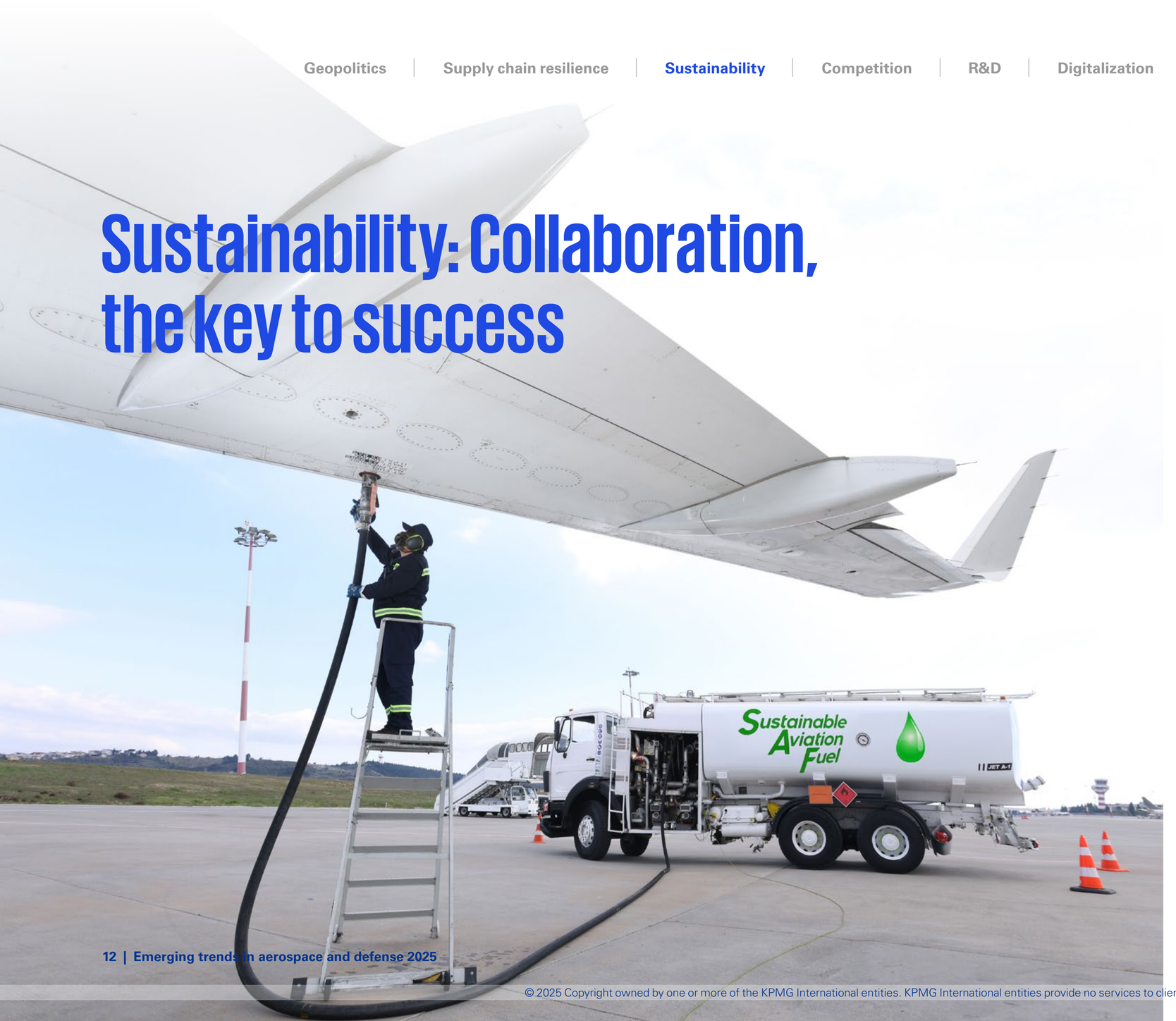
At KPMG, our supply chain offering includes a range of services and solutions designed to help A&D organizations advance, modernize and create more resiliency in supply chain and logistics. With more than 1,100 specialists worldwide in supply chain and procurement digital transformation, KPMG's network has the skills, knowledge and industry experience to help you design and manage your supply chains nationally, regionally or globally.

**"The industry ecosystem that comprises the A&D supply chain is changing shape, with a proliferation of Small-to-Medium Enterprises (SMEs) delivering high quality technologies at speed to industrial and government clients. The surge in private capital being deployed into the industry to supplement public spending, bridging the short and long term, is also scaling companies at pace.**

**This is spawning a new cohort competing with the traditional players for government contracts. Some SMEs are offering turnkey capability solutions that utilize software-enabled operational processes and advanced manufacturing, thus lowering the cost and accelerating speed of delivery."**

**Peter Griffiths**
**Global Leader, Defense and National Security**
**KPMG International**

# Sustainability: Collaboration, the key to success




**The aerospace and defense (A&D) sector's focus on sustainability has shifted but not wavered. Significant opportunities still exist to deliver on net-zero and energy-transition goals while enhancing sovereign resilience. Collaboration will be key.**

Aviation contributed around two percent of global emissions in 2021 and the defense industry and global armed forces were responsible for another two percent.[5] The A&D sector clearly has a significant role to play in encouraging sustainability and driving the energy transition.

The time for the sector to take the lead is now. In part, this is because the sector is about to embark on a massive period of production and growth. Airbus and Boeing predict more than 40,000 new commercial jets will be manufactured over the next 20 years.[6] Global defense budgets and investments are expected to grow exponentially in the next five years. The industry challenge is to deliver on these massive mandates while becoming more sustainable.

At the same time, the sector is undergoing a fracturing and dispersal of supply chains. Both industry and governments are striving to rapidly develop sovereign supply chains, particularly for key commercial and defense components. A crop of new mid-sized players has emerged to serve that need. That creates a significant opportunity for the sector to rethink its carbon footprint and resource intensity.

"In the context of the ongoing geopolitical tensions, strengthening sustainability initiatives can significantly enhance sovereignty and resilience," notes Jeremie Joos, Partner, ESG Center of Excellence, KPMG in France. "For example, by investing in the circular economy, particularly focusing on rare earth metals, we can substantially mitigate some of the key risks associated with the supply chain."

5 *Defence Zero*, Roland Berger, September 25, 2023
6 *Airbus, Boeing Raise 20-Year Forecasts For Aircraft Deliveries*, Ainonline, 2023

## New paths emerge

More recently, a shift in geopolitics seems to be creating a divergence in the regional and sectoral direction of the sustainability agenda. In the US, the federal government has indicated that it intends to downgrade the importance of key sustainability elements — particularly the energy transition — while continuing to support innovation in other areas (like battery storage). The European Union, on the other hand, remains committed to retaining its sustainability and carbon reduction targets through strong regulation and procurement requirements.

The approach to sustainability is viewed quite differently in the EU compared to the United States. In the EU, sustainability regulations such as the Corporate Sustainability Reporting Directive (CSRD) tend to be more stringent and comprehensive, reflecting a broader commitment to sustainability and corporate responsibility. In the US, however, the approach is increasingly more flexible, and market driven.

A similar divergence is occurring between the aerospace and defense sectors. With most commercial airlines deeply concerned about their carbon footprint and fuel costs, sustainability remains high on the agenda within the commercial aviation industry.

"We are seeing continued demand for efficiency and sustainability across the commercial aviation sector. Customers expect efficiency in the jets we operate and manage and in the ground handling we provide at airports across Japan," adds Hitoshi Nakamura, General Manager of Marubeni's Aviation, Space and Defense Department. "At the same time, customers are looking to address labor shortages in the sector, which is leading to a greater level of investment into more efficient automated vehicles and ground handling supports."

Defense departments, on the other hand, are not willing to trade operational readiness for carbon sustainability, which means that sustainability can sometimes take a backseat to other priorities in the design and procurement phases.

### Five steps to success

Based on KPMG professionals' experience in the industry and deep capabilities creating, implementing and measuring sustainability programs, here are five tips to help drive the next wave of sustainability in the A&D sector:

**01 Hone your sustainability strategy**
With many companies continuing to develop and implement a strategy for sustainability, the leaders are the ones ensuring that risk management and strategy are closely interconnected while striving to balance growth and sustainability.

**02 Collaborate for sustainable success**
Collaboration is essential for achieving net-zero goals and leaders are working with everyone — manufacturers, supply chain participants, governments, research institutions and other stakeholders — to achieve positive outcomes.

**03 Look down the supply chain**
The leaders are assessing their supply chains and enhancing due diligence, visibility and transparency to improve supply chain sustainability, alongside responsible sourcing and consistent supply chain management.

**04 Support innovation**
R&D innovation and technologies are expected to play a key role in supporting sustainability in the sector and the key public and private sector leaders are seeking to drive innovation through financial and non-financial support.

**05 Assign responsibility**
Sustainability leaders act as communicators, trainers, educators, agents for change and champions for sustainability. The leading A&D organizations are creating and evolving the Chief Sustainability Officer role as the organization's needs change.

> **"We are seeing continued demand for efficiency and sustainability across the commercial aviation sector."**
>
> **Hitoshi Nakamura**
> **General Manager of Marubeni's Aviation, Space and Defense Department**

"Our focus is on developing increasingly efficient aircraft — our E2 generation of commercial aircraft is 25-30 percent more efficient than the prior generation," according to Francisco Gomes Neto, CEO of Embraer. "At the same time, we are also working in partnership with a range of organizations to drive innovation. For example, we are working with energy providers to help increase the availability of sustainable aviation fuel and we are investing into renewables to help reduce the carbon footprint of our operations. Innovation and efficiency go hand-in-hand."

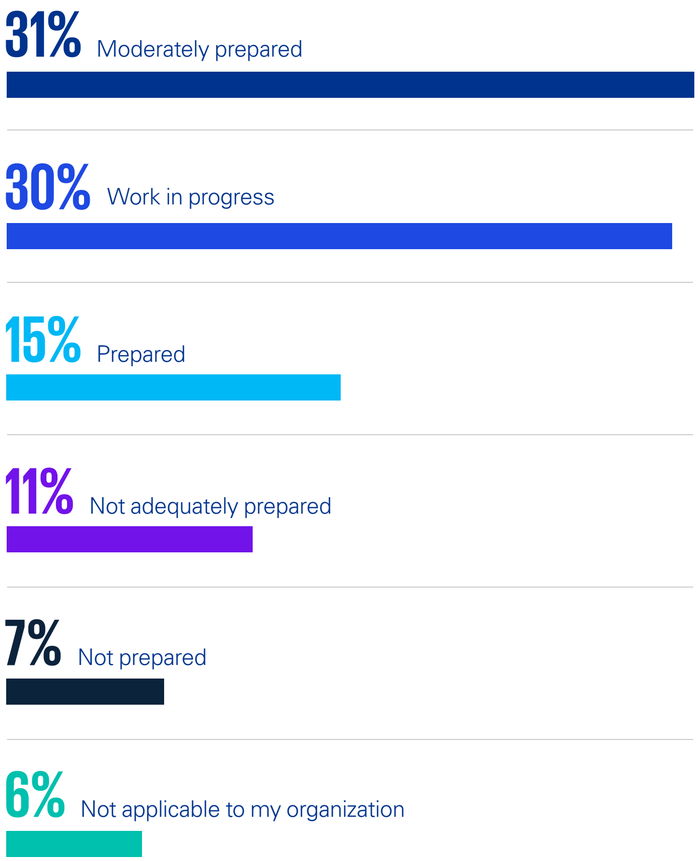
As Michael Schreyögg, Chief Program Officer at MTU Aero Engines indicates, "We used up to 100,000 liters of SAF over the past years because that was all we could get our hands on. We could use about 50 times that amount but production capacity is currently too limited to meet that demand." As noted in this SAF report from KPMG International, the challenges scaling up SAF are somewhat indicative of an industry in transition.[7]

## Being strategic

While sustainability priorities may have shifted in some markets, our data suggests that many A&D organizations still have a significant opportunity to make their organizations and their solutions more sustainable. Consider this: in a 2024 global survey of A&D executives conducted by KPMG International, just 15 percent said they were 'fully prepared' to meet the changing regulatory landscape around sustainability. For the other 85 percent, creating alignment between the business strategy and expected regulation would be key.[8]

There is still significant low-hanging fruit to be plucked in A&D manufacturing processes and designs. Reducing waste is a big one — off-cuts of carbon fiber have recyclable use cases, for example, but not all manufacturing sites avail themselves of the technology and a serious focus on the circular economy. A&D companies should also be ensuring their production facilities have maxed out their insulation potential before focusing on larger green initiatives as the return on investment on better insulation is usually a multiple of other initiatives.

## Level of preparedness in A&D organization for upcoming changes and developments in the ESG regulatory and compliance landscape




## Collaboration is key

The 2024 KPMG International A&D sustainability survey noted that most A&D companies are committed to developing successful collaboration among themselves and with suppliers, governments, investors, research institutions, industry organizations and other stakeholders.[9] By working together, organizations can maintain their commitments to sustainability even as they deal with volatile markets, changing regulations, talent scarcity, rising costs and geopolitical factors.

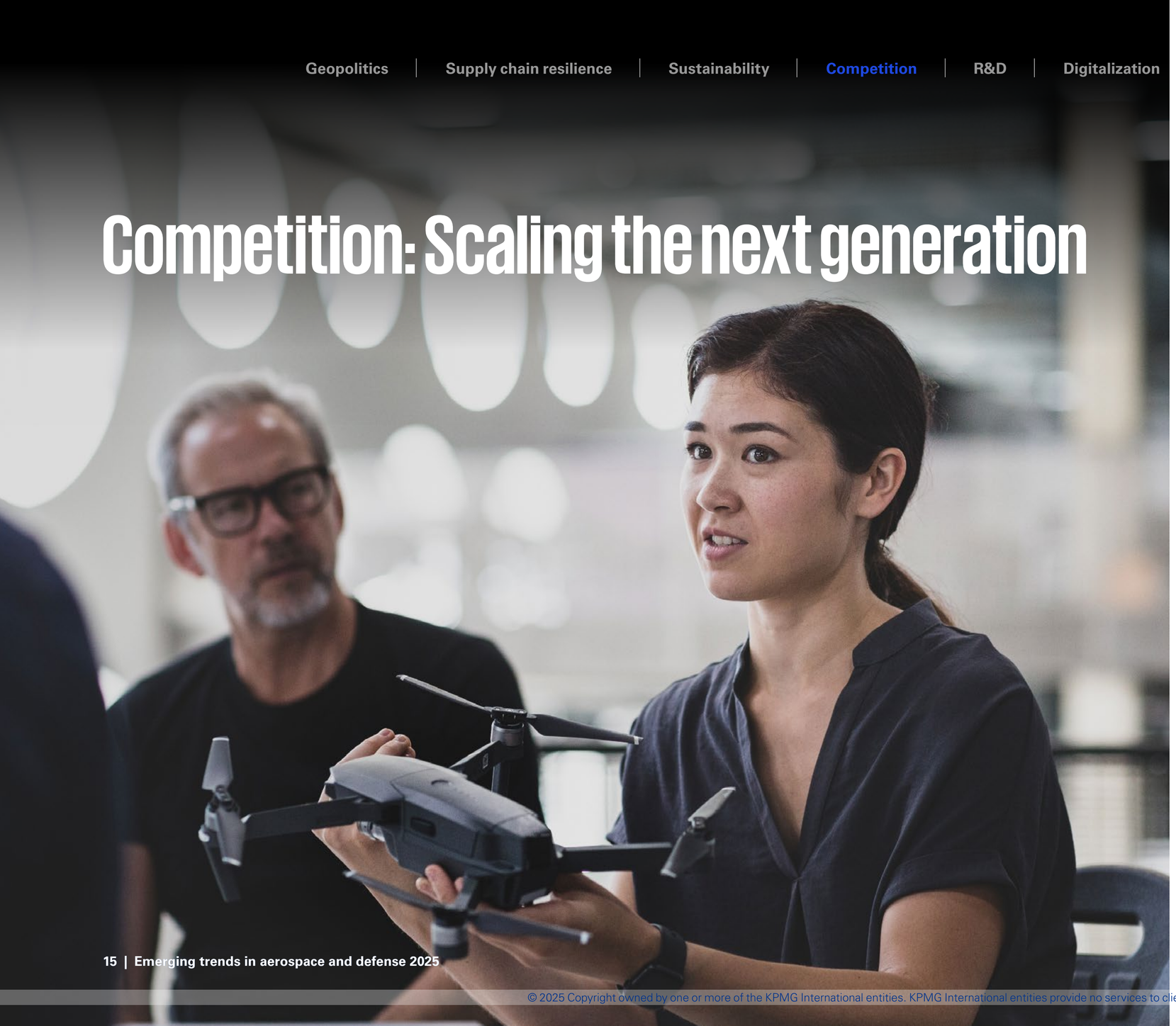
As Grant McDonald, Global Sector Leader, Aerospace and Defense, KPMG International, notes, "We believe that the A&D industry is up to the task of building a sustainable future. With the aid and guidance of today's sustainability leaders, the A&D industry can become a model for other industries as the world works to reach its net-zero goals in the 21st century."

### How KPMG can help

KPMG firms are among the leaders in identifying critical trends in the A&D sector — sustainability, innovation and efficiency, and transforming them into actionable strategies. KPMG A&D professionals help top companies in the industry plan and execute strategies to make the most of these trends. Our data-driven approach allows us to quantify the impact of trends such as sustainability for tier 1, tier 2, tier 3 and other players so they can identify and prioritize emerging opportunities and requirements.

7 *Sustainable Aviation Fuel — Ready for lift off?* KPMG International, November 2022
8 *2024 Global Sustainability in Aerospace and Defense Report*, KPMG International, July 2024
9 *2024 Global Sustainability in Aerospace and Defense Report*, KPMG International, July 2024

# Competition: Scaling the next generation



**Public and private capital is flowing into the next generation of Aerospace and Defense (A&D) products and services. The big question is whether these startups can achieve and sustain scale.**

Geopolitical rivalries, demand for sovereign supply chains and rapid innovation are changing the competitive nature of the A&D sector. Barriers to entry are falling away as value shifts from hardware to software. New additive manufacturing techniques are creating significant opportunities. And fast new startups are bringing new ideas and products to market at a rapid pace.

"In this world of heightened geopolitical tensions, we are seeing a greater emphasis on building alliances consistent with key sovereign capabilities," notes Peter Griffiths, Global Leader, Defense and National Security, KPMG International. "In the next 10 years, I think we are likely to see allied nations foster multiple medium-sized enterprises that are quite agile, clever and rooted in next-generation thinking, building the capabilities that A&D organizations need going forward."

## Capitalizing on growth

Whereas, in the past, most A&D startups would expect to ultimately be purchased by an original equipment manufacturer (OEM) or prime, the current investment environment and the potential to develop dual-use technologies is giving many of these ventures significant runway to grow.

Investment in defense technology companies has been particularly strong. In the first three months of 2025 alone, venture capital (VC) funds invested more than US$1.5 billion into US A&D technology startups. Saronic, a maritime drone startup, raised US$600 million. Shield AI, another drone system developer, raised US$240 million.[10] The valuations of others have skyrocketed. Palantir's market capitalization jumped from US$50 billion in January 2024 to US$250 billion in just a year.[11] SpaceX's most recent funding round values the company at US$350 billion.[12]

The pool of available capital has also grown. According to Pitchbook data, the number of VC and private equity (PE) funds active in the sector in the US jumped from a pre-pandemic high of 233 in 2018 to 576 in 2024. In fact, there are now very well-established VC and PE networks — particularly in the US — that can support defense startups from idea to commercialization.

## Scaling to deliver

For the startups themselves, the challenge is less about finding investment and more about what to do with it. Access to investment is part of the challenge, but commercialization and delivery matters more in building enduring advantage.

## Embracing change

As the A&D sectors evolve and new centers of excellence and innovation emerge around the world, A&D leaders may need to rethink their approach to capturing and procuring the technology and platforms they require.

Based on KPMG firms experience working with startups, investors and procurement leaders, here are five considerations when rethinking the competitive A&D market:

**01** **Think scale**
Moving an idea from R&D to commercialization requires significant capabilities and investment. Start thinking early about how to achieve scale.

**02** **Create routes to market**
Consider how public and private sectors might collaborate to create frameworks and programs to help startups move straight through to delivery.

**03** **Rapidly assess viability**
Conduct a thorough readiness assessment of a target or supplier's ability to scale and deliver, recognizing current and potential complexities around sovereign supply chain.

**04** **Look for adjacencies**
Find possibilities to leverage the opportunity into other verticals and markets in order to encourage commercial models and thinking.

**05** **Leverage alliances**
As few countries or territories will have the sovereign industrial base or capital to scale startups, consider tapping into capabilities of alliance partners and aligned markets.

[10] As Hegseth cozies up to Silicon Valley, VCs' defense tech investing is getting frothy, PitchBook, March 6, 2025
[11] Companies Market Cap, accessed April 30, 2025 (https://companiesmarketcap.com/cad/palantir/marketcap/)
[12] Companies: SpaceX, Sacra Inc, accessed April 30, 2025 (https://sacra.com/c/spacex/)

Commercializing and delivering products require an ability to scale, manufacture, build channels to market and provide after-sales services. Finding and implementing the right business and operating models to confidently deliver requires experience and new ideas from outside of the sector. When serving the defense market, this should be done with a close eye on evolving defense department procurement processes and finding commercially acceptable routes to the market for both parties.

The integration of data can provide a valuable source of future growth, as noted by Carter Copeland, Chief Strategy and Performance Officer at CAE. "We've spent the past decade developing cutting-edge technologies that enable the rapid evaluation of the efficacy of pilot training — things like biometrics, gaze tracking, telemetry data and so on. That has allowed us to really build on our partnerships and collaboration with manufacturers, regulators and customers as we work together to make what is already the safest mode of travel in the world even safer."

As outlined in the R&D trend, A&D companies and defense departments are now working to shorten procurement times and collaborate with startups to more efficiently leverage innovations and cutting-edge capabilities into their current products and processes.

Indeed, some startups are already radically redesigning the defense technology approach to commercialization. Take Helsing, a German defense AI developer and drone manufacturer founded in 2021, for example. The company has received orders for more than 10,000 strike drones for Ukraine, turning Helsing into one of the world's largest strike drone manufacturers almost overnight.

To deliver on the demand, Helsing has opened its first 'Resilience Factory'. "With our Resilience Factories, we are taking a distributed approach towards mass manufacturing these systems across Europe, allowing individual nation states to produce locally and ensure sovereignty of production and supply chain," said Gundbert Scherf, Co-founder of Helsing recently.[13]

## Backing winners

Interestingly, investors and defense procurement leaders face a common challenge: assessing the viability, sustainability and value of these new startups. Dual-use technologies — those with both civil and defense applications like drones or AI solutions — may be easier to assess given their clear commercial pathways and tendency towards commercial thinking.

However, with the market changing rapidly and new technologies (and fast followers) emerging around the world, investors and defense procurement leaders are looking to create a more agile process to appraise the potential of new companies — not only to design a capability of merit, but then to also be able to scale and deliver that to the end customer.

All signs suggest the challenge is only going to become more complicated. Indeed, as countries around the world start to increase their defense budgets, the sector is likely to see more innovation and more capital flow into startups, reinforcing the notion that necessity is truly the mother of invention, particularly in the defense sector.

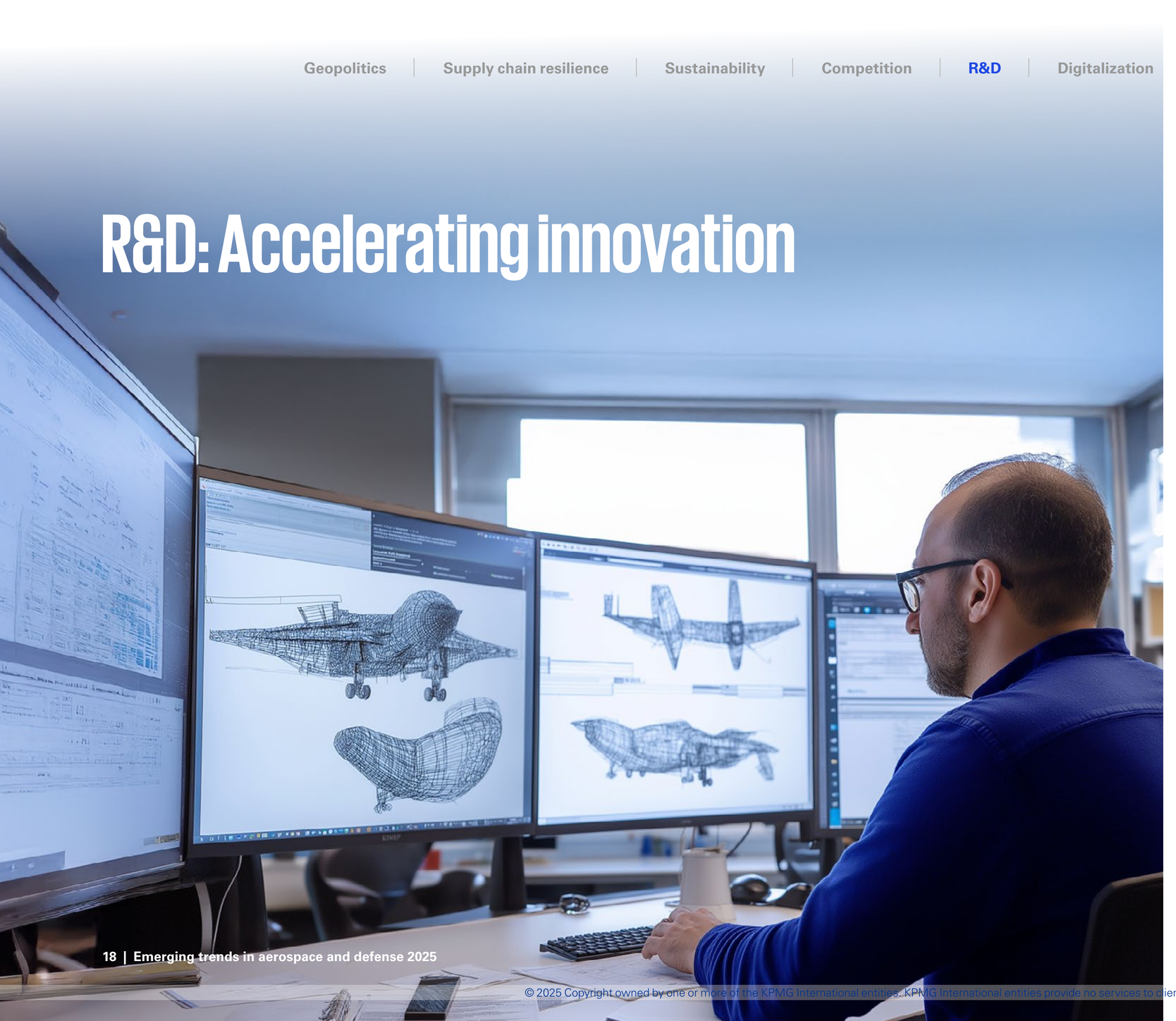
> **"We are taking a distributed approach towards mass manufacturing these systems across Europe."**
>
> **Gundbert Scherf**
> **Co-founder of Helsing**

### How KPMG can help

From helping defense leaders and private investors identify viable startups to supporting fast-moving and agile companies as they scale and deliver, KPMG's network of A&D professionals takes a multidisciplinary approach to helping organizations adapt to the new competitive environment.

[13] *Helsing to produce 6,000 additional strike drones for Ukraine*, Company Press Release, February 12, 2025

# R&D: Accelerating innovation



**New Aerospace and Defense (A&D) technologies are continuously being developed and tested around the world. In fact, for most public sector defense organizations, the challenge is less about encouraging research and more about shortening the time for procurement.**

After decades of proprietary R&D and commercialization, new paths from idea to integration in the A&D sector are becoming clearer. The way conflicts are resolved is changing rapidly and new technologies are disrupting the battlefield strategy.

Defense departments need rapid innovation and are no longer willing to wait years for a custom system when an "80% Solution" can be purchased off-the-shelf. Consider, for example, the adoption of commercial drones at the start of the conflict in Ukraine. That led to rapid innovation in counter-drone systems and technologies, followed by the adoption of AI technologies designed to pilot drones to their targets in prohibited airspace. Now both sides are focusing on technologies to counter that advantage.

**Defense departments need rapid innovation and are no longer willing to wait years for a custom system when an**

**80% Solution**

**can be purchased off-the-shelf.**

New technologies — AI in particular — are now being integrated into existing hardware to create unique advantages and to respond to rapidly changing battlefield dynamics. "Speed is key," notes Timo Haas, Chief Digital Officer (CDO) at Rheinmetall and CEO of Rheinmetall Electronics. "With the introduction of newer high-speed weapons like hypersonic missiles, there is no time for the 'man in the loop' to react. That means we really need to design systems to a level where we can trust the AI decision behind it."

## Procuring innovation

The challenge of identifying and adopting new technologies in defense is not new. In fact, there has always been a significant gap between the rapid pace of technological innovation in the private sector and the often slower acquisition process in most defense departments, meaning cutting-edge technologies may not be readily available for military use when needed.

Given demand expectations, the real challenge is to identify new innovations and ideas and then scale them up in production as quickly as possible using secure supply lines. With new ideas and private capital flowing into the sector, many in the industry would argue that the problem is less about innovation and more about the speed of government procurement.

For defense organizations, this gap may create an inherent risk. Recent conflicts have demonstrated that innovation (and counter innovation) must be rapidly commercialized and adopted to maintain force superiority. The wider the gap between innovation and implementation, the greater the risk.

## Innovating models

A range of different models is emerging to help public sector procurement organizations accelerate the identification, procurement and integration of new technologies. In some cases, governments are moving to speed up their existing procurement processes and to engage with commercial partners to drive innovation within their existing platforms.

General Atomics, for example, is working with the US Department of Defense on the Collaborative Combat Aircraft (CCA), which aims to develop a force multiplier using low-cost, modular, unmanned aircraft equipped with advanced sensors or weapons that can operate in collaborative teams with the next generation of manned combat aircraft. "What we're building is no less than a step change in airpower — a highly capable, semi-autonomous combat aircraft that can go ahead of human-occupied jets to see first, take risks and, if necessary, shoot first," says Dr. Vivek Lall, Chief Executive Officer at General Atomics Global Corporation.

At the same time, many leading governments are moving away from the lengthy requirements-based procurement systems of the past and towards a system that aims to foster ecosystems to capture the best that both the public and private sector have to offer. Some governments have started implementing programs and standing up specialized units to help speed the pace of R&D integration into traditional defense forces. For example:

- NATO's Defense Innovation Accelerator for the North Atlantic (DIANA) program provides companies with the resources,

## Bridging the gap

Looking forward, signs suggest that defense departments need to focus on overcoming the gap between innovation and adoption. New models will be required and — for most countries — greater collaboration with the A&D industry is needed.

Based on KPMG professionals' deep experience working with public sector organizations to reimagine defense procurement to meet the needs of future combatants, here are five key areas for consideration:

**01 Procurement models**
Sole-sourced requirements-based procurement models are no longer fit for purpose as more innovative governments start to lean towards 'bounty' style models.

**02 Collaboration**
Particularly for dual-use technologies and capabilities, collaboration between public and private sectors — and between nations — will be required to accelerate adoption.

**03 Think open**
New models of development and procurement are increasingly open and transparent with innovation at the foundation.

**04 Co-invest**
Significant private capital is flowing into defense tech, creating unique opportunities for governments to partner with the private sector.

**05 Encourage ecosystems**
Startups need the support of strong ecosystems in order to grow, along with consistent and secure sources of funding and a pipeline of funded opportunities.

networks and guidance to develop deep technologies to solve critical defense and security challenges, from operating in denied environments to tackling threats to resilience.

- The US Department of Defense's Defense Innovation Unit (DIU) is focused on accelerating the adoption of commercial and dual-use technology to solve operational challenges at speed and scale.
- Canada's Innovation for Defense Excellence and Security (IDEaS) program aims to accelerate defense innovation concepts and propel solutions forward through a mix of competitive projects, innovation networks, contests, sandboxes and test drives in collaboration with the Canadian Armed Forces.

However, with budgetary challenges in many western democracies increasing, some larger scale programs may likely need to be carried out in collaboration with other nations and partners.

Collaboration where innovation is embedded as a framework in every tender can help lead to an iterative minimum viable product (MVP)-type delivery model, which can help speed up the adoption of innovation for those in the partnership. Similarly, the shift from Hardware Defined Defense (HDD) towards Software Defined Defense (SDD) is encouraging public defense and national security leaders to develop new — and more open — models of collaboration.

"HDD was characterized by proprietary, closed standards, controlled by fixed, closed consortia. A core principle of HDD was to gain competitive advantage by keeping intellectual property secret," says Stefan Hefter, Partner, Defense and Space, KPMG in Germany. "SDD requires a complete shift: it needs open standards, true ecosystems of partners and an open and transparent handling of IP. It's quite a change in mindset for many governments and primes."

As noted in our trend on competition, many defense organizations and investors are placing particular focus on dual-use technologies that can be quickly commercialized in the private sector and then rapidly adapted and adopted into defense scenarios at pace and at lower risk. Commercial drones are a prime example, but so too are new approaches to data visualization and integration being created through AI in sectors such as utilities, construction and manufacturing.

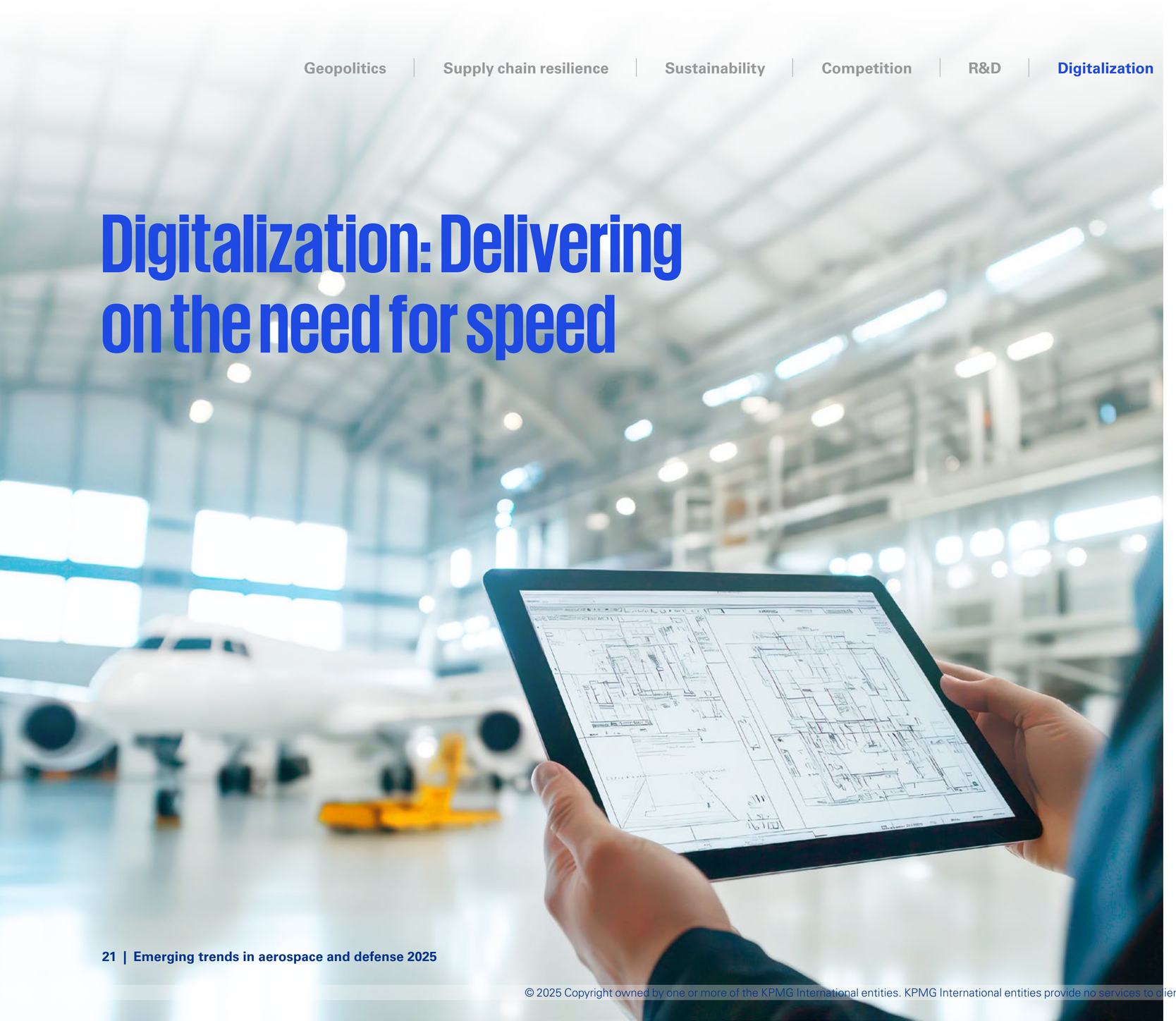
"If the opportunity is purely in the defense sector, that's a big, but ultimately limited, opportunity. If the opportunity is in defense and a range of other sectors because the technology has got a transversal application, then it becomes far more interesting for an investor," notes Joe Cassidy, Partner, Technology, Media and Telecommunications, KPMG in the UK. "And that then drives collaboration between public or sovereign sectors and private sectors."

> **"What we're building is no less than a step change in airpower."**
>
> **Dr. Vivek Lall**
> **Chief Executive Officer at General Atomics Global Corporation**

## How KPMG can help

Working as trusted advisors to both public and private sector A&D players, KPMG firms' professionals can help governments transform their defense procurement strategy to rapidly identify, iterate and integrate new technologies and strategies into their defense organization. At the same time, we work with startups, portfolio companies, mid-sized firms and primes to help them rethink their strategy to align to the new realities of government procurement.

# Digitalization: Delivering on the need for speed



**In a rapidly changing geopolitical environment, the advantage goes to those who can make informed decisions the fastest. That has put significant pressure on Aerospace and Defense (A&D) organizations to accelerate their digitalization efforts.**

A&D organizations have been digitalizing for years. From digital product modeling and additive manufacturing to automated back-office processes and digital twins, many A&D organizations have been making solid progress on their digitalization programs. Indeed, according to a recent technology report by KPMG International, industrial manufacturers are setting the pace for digital transformation.[14]

To date, however, much of the focus in the A&D sector has been on digitalizing existing processes, often within siloed platforms and systems. In some cases, progress has been slow, and A&D organizations have struggled to overcome barriers related to safety, compliance and complexity.

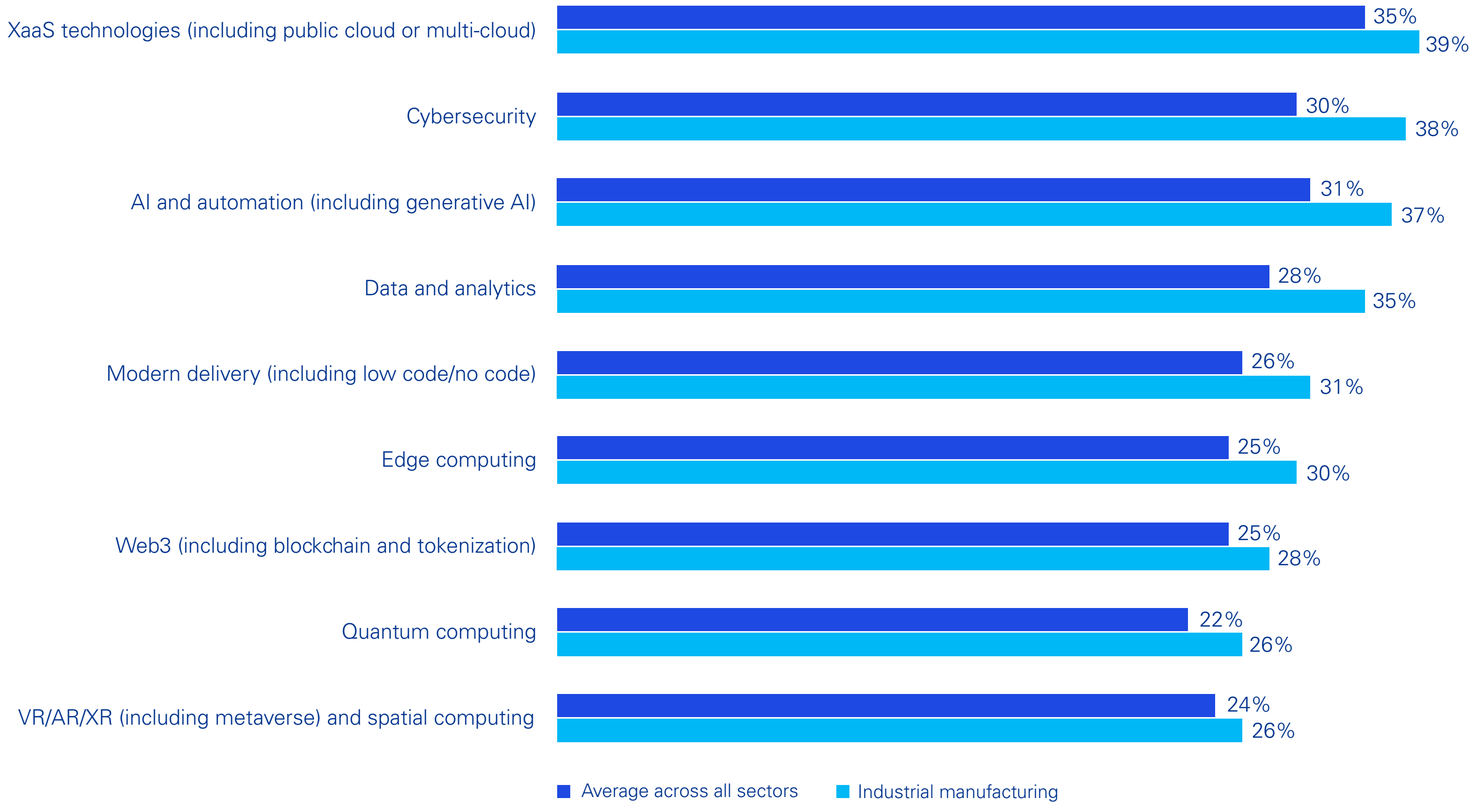
Now, however, the need to digitalize has become a matter of urgency. In today's rapidly changing geopolitical environment, what A&D customers really want is speed. They want faster decision-making for users and leaders. They are looking for solutions that can be rapidly integrated into their existing systems and platforms. They want information to flow freely from the product to the user. They want to deploy their new kit into the field as quickly as possible. And digitalization is the key.

Across the globe, growing geopolitical instability means that A&D organizations and their customers need to be able to accelerate their decision-making. The only way to do this is to digitalize at the tactical, operational and strategic levels. Speed is paramount now, and delivery at speed can best be achieved with a digital approach, and only if it is secure and agile.

[14] KPMG global tech report — industrial manufacturing insights, January 2025

## In all nine technology categories, industrial manufacturing is ahead of the cross-sector average in terms of the proportion of organizations in the proactive stage

**Q: How would you describe your organization's position today in each of the following areas? [Those answering 'We are proactive in progressing against our strategy and are continually evolving']**




Source: KPMG global tech report 2024

## Encouraging integration

Right across the A&D environment, industry players are adopting, integrating and applying new technologies to speed up decision-making and accelerate outcomes. The largest commercial aerospace players, for example, are working to adopt Model-Based Systems Engineering (MBSE) approaches to help manage complex supply chains and system interdependencies. Defense departments are implementing MBSE to improve risk management, enhance operational readiness and better coordinate across complex projects.

With supply chains becoming more dispersed, many A&D organizations are accelerating their digitalization and adoption of new technologies to better encourage seamless communication and data integration across different stages of the product lifecycle. That also links in and supports collaboration across various engineering disciplines using unified data sources.

However, the success of digital transformation and innovation also hinges on addressing the required interfaces between systems and the disparate parts of the decision-making process. Without seamless integration and coordination, the value and return on investment will not be fully realized.

"We're delivering military off-the-shelf technologies. Our approach is to build our electrical systems to a common standard — the same infrastructure, software background, middleware solution and so on — to create a very flexible and easy-to-integrate electronic architecture," notes Rheinmetall's CDO Timo Haas. "Now, integrating new technologies takes days or weeks rather than years."

> **"Now, integrating new technologies takes days or weeks rather than years."**
>
> **Timo Haas**
> **Chief Digital Officer at Rheinmetall and CEO of Rheinmetall Electronics**

## Accelerating the digitalization journey

Demand for greater speed will require A&D players to accelerate their digitalization agenda with a focus on encouraging integration and decision-making.

At KPMG, our network of A&D digital leaders has worked with many of the world's leading governments and industry players to digitalize their organizations, strategies and ecosystems. Based on that experience, here are five steps to help A&D players accelerate their digitalization journeys:

**01 Develop a clear digital strategy**
Start by reviewing your current processes and activities to identify and assess potential areas for digitalization. Ensure your digital objectives are fully aligned with your business goals.

**02 Invest in technology and upskilling**
If necessary, assess your opportunities to upgrade your IT infrastructure before implementing advanced tools like digital twins, augmented reality and MBSE. Ensure you provide appropriate training for new technologies.

**03 Promote cross-functional integration**
Focus on implementing systems and tools that encourage collaboration and information sharing. Consider using integrated platforms to deliver a more holistic view of operations.

**04 Prioritize change management**
Improve adoption and drive enhanced integration by developing a robust change management plan. Communicate it across the organization. And engage leadership to champion specific digital initiatives.

**05 Stay agile and adaptive**
The technology and defense environments are rapidly changing. Build flexibility into your digital strategy, regularly review and update digital initiatives and foster a culture of innovation to maintain alignment with business objectives.

## Moving with speed and strategy

While some A&D players are moving quickly to digitalize their solutions and operations, we predict a significant divergence in the A&D industry, with early adopters of digital engineering reaping substantial benefits, while others struggle to maintain their market position. The market trends indicate a shift towards greater reliance on digital twins, augmented reality, and MBSE to drive innovation and efficiency.

"We expect that the adoption of integrated digital methodologies and tools, along with concepts such as the digital thread and digital twin, will become general paradigms, moving out of the niches where they are sometimes confined and assuming a central role within the industry's value chain," adds Marco Artioli, Associate Partner, KPMG in Italy.

While some organizations invest significant resources into digital transformation, they will not see the expected benefits without a strategic vision. The reality is that digitalizing current practices requires a clear purpose and strategy to yield the anticipated benefits. To be successful, investment in technology must be accompanied by investment in people, ensuring that employees are well-equipped to leverage new tools and systems.

"Building and adopting digital solutions is a bit like trying to land a fighter jet on a moving aircraft carrier," notes Hugh McCann, Director, Asset Intelligence Lead for Aerospace and Defense, KPMG Australia. "The organization is changing around you, as is the data and the enterprise environment. Those that adopt an agile approach to better analyze, integrate and orchestrate their capabilities to achieve their desired outcomes are more likely to be successful."

## How KPMG can help

KPMG's A&D professionals has helped many of the world's leading A&D organizations and customers transform their organizations, strategies and market position by leveraging digital tools and technologies. From strategy to execution and measurement, KPMG professionals know what it takes to drive more efficient and effective decision-making.

Our network is particularly focused on advanced decision support for mission readiness. Leveraging our suite of innovative strategies and accelerators, we help defense departments across the world to integrate program data and develop analytical insights to rapidly increase the readiness and efficiency of people, supplies and systems.

# M&A: Focus on value creation

**All signs suggest increased activity in Aerospace and Defense (A&D) M&A deal markets starting in 2025. With competition for deals growing and valuations rising, executives and investors will be focused on value creation.**

Inorganic growth is back on the agenda for both commercial aerospace and defense organizations. Deal volumes started to pick up towards the end of 2024 on the heels of falling interest rates and stronger macroeconomic conditions. More activity came in the first quarter of 2025 as sector leaders started to grapple with the seismic changes now influencing the world order.

Interestingly, both commercial aerospace and defense sectors are seeing increased deal activity, but for somewhat different reasons. Activity in commercial aerospace is being driven, in part, by strong growth in key areas like the aftermarket and maintenance, repair, and operations, which are creating reliable sources of revenue.

At the same time, the changing balance between the two major commercial aircraft OEM's is creating new challenges for some suppliers (as evidenced by Boeing's US$4.7 billion takeover of key supplier Spirit AeroSystems in early 2025).[15]

Activity in the defense sector has been growing for some time, driven by clear signs of long-term demand as governments react to geopolitical tensions and increase their defense budgets. Innovation in the ways wars are fought continues to evolve with investment in new capabilities, including drone technologies, electronic warfare and space. Consider for example BAE System's purchase of Ball Aerospace, a space system developer, for US$5.6 billion in 2024.[16]

[15] Boeing to Acquire Spirit AeroSystems, Company Press Release, Boeing, July 1, 2024

[16] BAE Systems Completes Acquisition of Ball Aerospace, Company Press Release, BAE Systems, February 16, 2024

"For us it's about focusing in on the areas that are incremental to our strategy as a company," said Michelle Le Mere, Finance Director and head of the centralized M&A function at BAE Systems. "The challenge facing many corporate dealmakers is to filter through the volume of opportunities and targets to focus their very critical management bandwidth on the areas that are of most strategic interest."

## A crowded market

With the market dynamics strengthening, and with attitudes towards investing in defense organizations starting to change, we are seeing a broader range of investors competing for deals across the sector.

On the one hand, there is continued M&A activity from strategic investors seeking to diversify their product range and geographic exposure. Defense primes and, on the commercial aerospace side, larger suppliers are buying a wide range of assets, often using their strong balance sheets to gain a competitive advantage in financing (BAE System's acquisition of Ball was an all-cash deal).

"The past few years have seen an influx of financial investors (particularly private equity) moving into the sector, acquiring undervalued assets, selling off non-core assets and building platforms to capitalize on the sector's long-term growth potential," adds Glynn Bellamy, Partner, A&D Transaction Services, KPMG in the UK. Apollo's US$3.6 billion acquisition of Barnes Group was predicated on the investor's expectation for continued growth and value creation in their commercial and military turbine engines division, for example.[17]

## Focus on value creation

"The deal environment has become increasingly complex and challenging," notes Sean Moran, Managing Director, Advisory, KPMG in the US. "Extended due diligence has slowed down deal processes. A handful of recent failures has added trepidation. More bidders mean more competition and higher valuations. And that is reducing the financial margin for error for investment committees."

### Sharpening the strategy

Given the heightened levels of competition and the deep focus on value creation, many A&D deal teams are reassessing their approach to the market. Based on KPMG firms deep experience working with both buy-side and sell-side dealmakers, here are five tips to help you consider your optimal deal strategy going forward:

**01 Consider partnering and JVs**
In some cases, a joint venture (JV) or partnership could provide access to new technologies or capabilities without requiring a formal merger or acquisition.

**02 Focus on value creation**
For strategic investors, that requires strong integration and transformation capabilities; for financial investors, it may be more about operational efficiencies and pricing.

**03 Speed up the diligence process**
Many deal organizations are using technology and AI to help analyze large amounts of data, identify new targets and speed up the deal process.

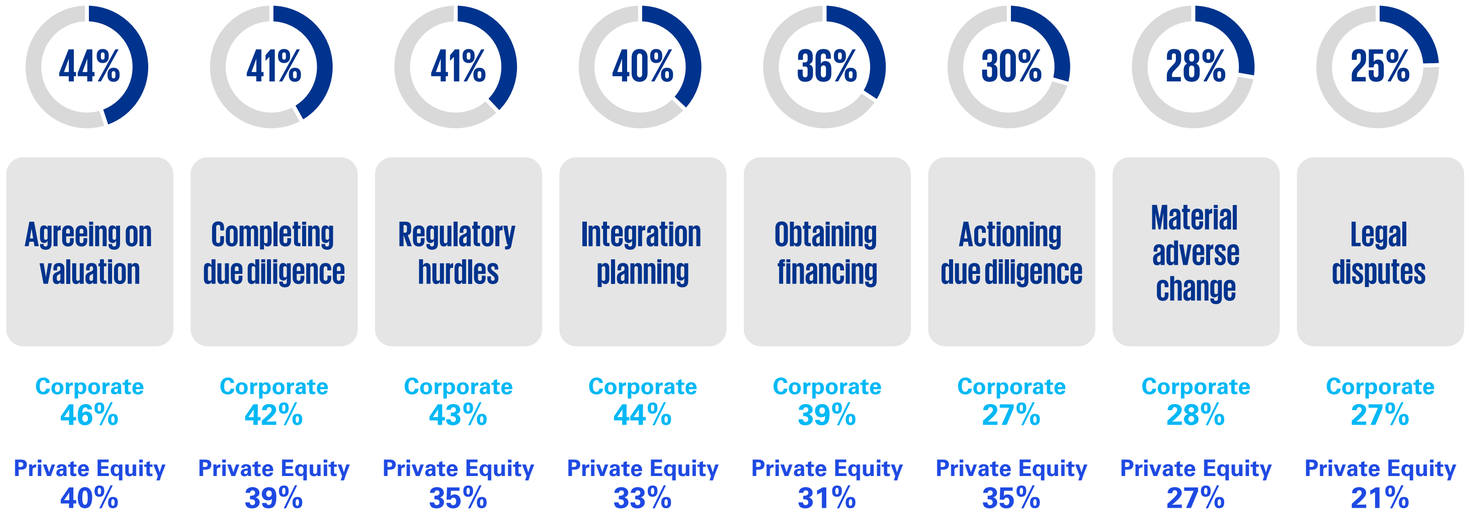
**04 Rebalance the portfolio**
In part, this is about focusing management attention on the core, but it should also be viewed as an opportunity to free up capital to invest into new growth opportunities.

**05 Leverage experienced advisors**
Particularly in new segments or markets, it helps to have trusted advisors with deep experience, relationships and capabilities to help drive deals.

[17] Apollo finalizes $3.6bn acquisition of Barnes Group to accelerate growth, Private Equity Insights, January 27, 2025

## Top challenges to closing recent deals (Multi-select)

**Q. What challenges have you recently faced in closing a deal? Select all that apply**




Source: KPMG 2025 Deal Market Study: ma-deal-market-study.html

> **Given the direction being discussed for defense budgets globally, I don't expect to see a slowdown in deal activity in 2025.**
>
> **Michelle Le Mere**
> **Finance Director at BAE Systems**

For defense players, valuations have become more complex in a conflict environment. "You really want to understand the long-term financial profiles of acquisitions and whether they've had fantastic years of financial performance because they're selling into conflict environments or because of strong fundamentals," adds BAE System's Michelle Le Mere. "When we're looking at acquisitions, one of the more complex parts of our analysis is around what's really sustainable and what those longer-term earnings generation capabilities look like."

Greater focus is being placed on the value being created from deals. "On the strategic side, value creation will be more about shaping portfolios to capture future growth opportunities. For commercial aviation players, that will likely put the focus onto aftermarket and MRO services, as well as some consolidation across the supply chain," adds KPMG's Glynn Bellamy. "For defense organizations, it will more likely mean a focus on product adjacencies, new geographies and new technologies." Expect to see an increase in activity driven by portfolio shaping as organizations divest of non-core assets and reinvest proceeds into new growth opportunities.

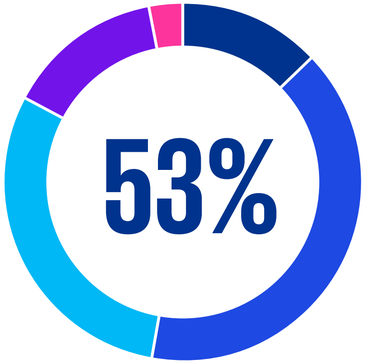
For financial investors, the focus will be on uncovering opportunities to achieve value creation at the operational level — optimizing supply chains, improving capital management, reducing inventories, enhancing procurement and reviewing human resources, for example. Financial investors will also be looking for undervalued assets they can break up, grow or turn into platforms to create longer-term value.

### A look ahead

All signs suggest M&A activity will pick up considerably over the medium term. In part, that will come down to investor pressure; private equity and large strategics are both sitting on record amounts of undeployed capital and their investors are looking for managers to put that capital to work. Certain innovation-focused subsectors — space, cybersecurity, drones and AI, for example — will be particularly active.

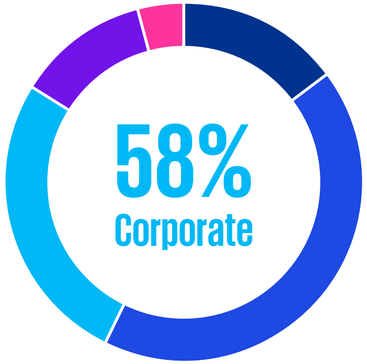
## Dealmaking compared to 2023

**Q. Compared to 2023, how has your deal activity changed?**



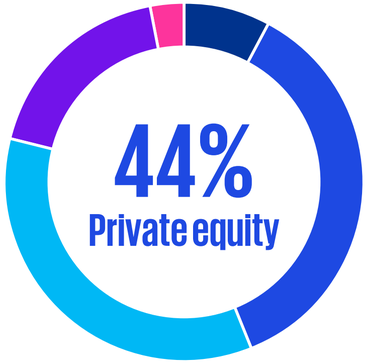

of all dealmakers were significantly or moderately more active compared to 2023

- Signficantly more active (13%)
- Moderately more active (40%)
- Slightly more active (30%)
- About the same level of activity (14%)
- Slightly or moderately less active (3%)




were significantly or moderately more active than in 2023

- Signficantly more active (15%)
- Moderately more active (43%)
- Slightly more active (27%)
- About the same level of activity (12%)
- Slightly or moderately less active (4%)




were significantly or moderately more active than in 2023

- Signficantly more active (8%)
- Moderately more active (36%)
- Slightly more active (35%)
- About the same level of activity (18%)
- Slightly or moderately less active (3%)

Source: KPMG 2025 Deal Market Study

Strong demand and emerging opportunities will keep dealmakers busy, particularly in a conflicted global trade and security environment. Expect to see significant opportunities and assets come to market as different players realign their portfolios and geographic footprints to meet the demands of their key customers.

Another focus area will be the supply chain. With supply constraints creating challenges and opportunities for consolidation in several areas, we expect to see growing activity across the supply chain (though hopefully not a string of distressed asset deals). Those that play a role in the aftermarket and MRO value chain will see particularly strong appetite from investors.

### How KPMG can help

KPMG professionals help dealmakers build conviction around their decisions and bring through the value they expect from their deals. KPMG firms combine deep dealmaking experience with a multidisciplinary approach to value creation to tailor our services to meet the unique needs of each client. And we bring a suite of tools and accelerators to help clients speed up the deal process and realize value sooner.

With extensive experience in buy-side deals, sell-side deals, private equity, special situations M&A, public-to-private transactions, and several other areas of M&A, KPMG professionals can offer a suite of services designed to meet your key priorities.

# Workforce: Reshaping the strategy

**Aerospace and Defense (A&D) leaders recognize that changing business strategies and challenging labor market conditions require a bold workforce strategy to reduce material risks to their organization. Expect to see significant effort and investment flow into transforming A&D workforce strategies and talent pools.**

The shape of the A&D workforce is changing. All at once, three factors are having a serious impact on the sector. The first is the next wave of digitalization, embodied in the introduction and rapid adoption of AI. The second is the competition in attracting and retaining skills and talent. Finally, the third key factor — rising demand for sovereign capabilities — is creating additional complexity.

A&D organizations are recognizing that the world has changed significantly over the past few years, and they are now trying to figure out how they redesign, reshape and reskill their workforce to be successful in this new landscape. At every level of every A&D organization — whether public or private, commercial or defense — that's what is either going to limit or unlock growth.

Interestingly, while many A&D organizations seem to acknowledge the challenge, the response has been somewhat muted. Indeed, according to a 2023 survey of A&D HR leaders conducted by KPMG in the US, more than three-quarters of A&D organizations are finding it increasingly difficult to attract and retain talent. Yet the same survey also finds that few have significantly altered their hiring practices in response.[18] In a world where technology companies tend to enjoy strong employer brand recognition, these challenges can place the A&D sector at a significant disadvantage if not addressed head-on.

[18] *Inspiring the future: A&D industry must reimagine its appeal to workers to thrive*, KPMG in the US, 2023

In some cases, A&D role requirements and hiring practices reflect the sector's more industrial days. Capabilities may be stuck in siloes. Career paths can be inflexible. Hiring practices are often manually intensive. Talent pools may be limited by geography. And workforce shaping can be viewed as an afterthought to the business strategy. For some organizations, little has changed since the pre-pandemic days when talent was plentiful, and retention was simply correlated to remuneration.

Yet on both the supply and the demand side, workforce needs have changed. So, too, have hiring and retention approaches. To be at the forefront, organizations should move quickly to respond.

## Thinking differently

In many ways, elevating the A&D workforce strategy may require leaders to take a different view of the relationship between the workforce and the business strategy. The reality is that talent scarcity could soon represent a material risk to A&D organizations that should be included in business strategy scenario planning. A recent report by the World Economic Forum finds that 42 percent of aerospace executives are facing challenges attracting talent to the industry.[19] Rather than an afterthought, workforce redesign and shaping should be carefully integrated into business and organizational planning.

"We are seeing A&D organizations start to really integrate strategic workforce planning with business strategy and planning as part of the upfront decision-making process around what capabilities they are going to be able to achieve in a certain timeframe," adds Meghan Darcy, Partner, Workforce and HR Advisory, KPMG in Australia. "That is helping A&D leaders make more confident decisions about the future of their organizations."

With many A&D HR teams running at full capacity — yet not full efficiency — there are also significant opportunities for leaders to think differently about their organizational models. Technologies such as AI and

### Shape the future

Based on KPMG firms experience, here are five key takeaways to help A&D leaders start to rethink and reshape their workforce strategies:

**01 Integrate workforce and business planning**
Workforce planning should not be a discreet HR activity; it should be part of the holistic enterprise planning process and integrated into decision-making across the organization. That may require HR leaders to bring more insight to the table and broader capabilities to the business.

**02 Expand the talent pool**
In an inefficient labor market, it is difficult to see the full supply of talent. A&D organizations should be seeking to expand their talent pool if they want to meet future demand for capabilities. Executives may want to consider less traditional sources of talent — such as trade programs and community colleges alongside collaboration with universities and governments — to build a deeper pool.

**03 Use technology to become more strategic**
Integrating workforce planning into business planning may require HR professionals to focus more of their time on partnering with the business and assessing future skills requirements. Look for opportunities to leverage technology, AI in particular, to manage the more mundane tasks and provide support to your people throughout the HR lifecycle.

**04 Pay attention to workforce compliance**
Government policy and regulatory requirements for the A&D sector are currently in flux, which creates both opportunities and threats for sector HR leaders. Organizations need to understand the complex regulatory landscape and scale their risk and compliance functions to respond to the pace of change in the landscape.

**05 Strengthen the fundamentals**
The speed and scale of change in global talent markets means that it's never been more important to have mature workforce planning practices. A&D HR leaders may also want to ensure they are excelling at the basics — things like organizational design, skills-based hiring, employee experience, job design and change management — to support the business though their transition.

[19] Future of Jobs Report 2025, World Economic Forum, January 2025

machine learning can play a major role in helping HR organizations refocus their human professionals on more value-added work (like assessing how AI will change other jobs in the organization).

Ultimately, these are technologies designed to help people make better decisions. And one way to do that is by using machine learning algorithms to help make decisions about hiring that actually lead to better retention and better training.

A&D organizations may want to start thinking differently about their talent pool. In part, that may require organizations to reassess their job requirements (like softening the requirements for sector experience or specific degree programs) so as to deepen and broaden the pool. It may also require organizations to double their focus on developing and upskilling their existing talent.

"Governments must also play a role by collaborating with industry and academia to develop more joint strategies that bring together education, skills and industrial strategy priorities," notes Jonathon Gill, Global Head of Industrial Manufacturing, KPMG International, and Head of Industrial Manufacturing, KPMG in the UK. "At the same time, Defense and Space departments need to keep upskilling and training their workforce to keep up with the changing technology landscape."

Collaboration efforts like the Downsview Aerospace Innovation & Research (DAIR) hub in Toronto, Canada offer strong examples of this at work, with companies, academic insitutions and research organizations, and government stakeholders working together around a shared goal of advancing Canada's global aerospace industry leadership.[20]

## Back to basics

While the current workforce transformation requires some new thinking, it also takes a deep focus on the fundamentals. "A&D workforces have been successfully transforming to meet the demands of digitalization for years," notes Kristine Coogan, Principal, Advisory, KPMG in the US, and this evolution is no different.

"Figuring out how to reconstruct jobs due to AI may feel like a new problem, but it's actually just an old problem with new technology," she points out. "I would encourage people to think of AI as the next big digital transformation that we need to help our workforce transition through, not some novel problem that we've never approached before."

For many A&D organizations, digital technologies and AI will help close the talent gap, allowing the business to focus their time on value-add capabilities. "We are already hiring around 800 people per year to meet growing demand for MRO services worldwide," notes Michael Schreyögg, Chief Program Officer at MTU Aero Engines. "We need every hand on deck to meet our objectives so anything we can do to shift tasks to AI is very much appreciated."

Upskilling and continuous training will be key. At the same time, significant investment will likely need to go into enhancing workforce planning capabilities, particularly if workforce considerations are used in enterprise scenario planning. Other core HR capabilities will also need to be sharpened — organizational design, job definitions, job architectures, career pathing and so on.

For many A&D HR leaders, this may seem like a period of extreme disruption and complexity. Yet KPMG professionals' experience working with A&D organizations around the world suggests it is more of an opportunity — one that may ultimately lead to a much more efficient and effective A&D sector overall.

In this environment, A&D leaders should be focused on reimagining their workforce strategies to navigate this period of disruption and to secure the talent they need for the future.

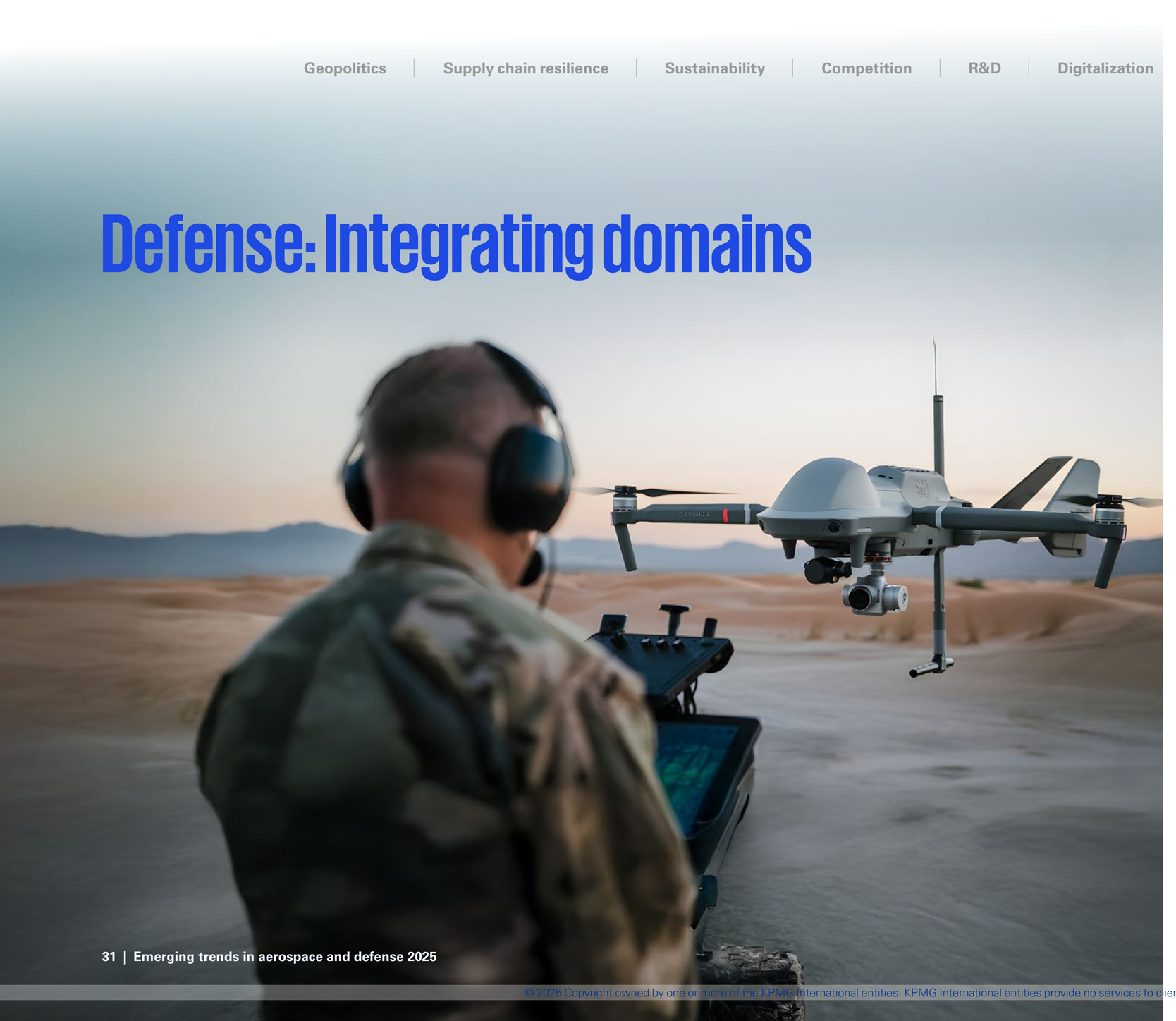
> **"We need every hand on deck to meet our objectives so anything we can do to shift tasks to AI is very much appreciated."**
>
> **Michael Schreyögg**
> **Chief Program Officer at MTU Aero Engines**

### How KPMG can help

With a deep global network of HR and workforce professionals dedicated to the A&D sector, KPMG member firms understand what it takes to reshape and revitalize workforce strategies to meet the complex demands of the changing A&D environment. From strategy development and journey road mapping to technology implementation and system integration, KPMG professionals have the tools and experience to help drive real workforce transformation in the A&D sector.

[20] *About DAIR*, Downsview Aerospace Innovation & Research (DAIR) website, accessed April 30, 2025

# Defense: Integrating domains



**Recent conflicts have clearly demonstrated that operational superiority goes to those best able to integrate multiple domains and private sector capabilities to make better and faster decisions. That is likely to have significant implications for defense departments and their commercial partners.**

"Ever since the introduction of GPS in the mid-1980s, the differentiation between operational domains has, aside from inherent tactical requirements, been a somewhat artificial one — more grounded in the traditions, values and vested interests of army, navy and air force officers than based on the rationale of modern warfare," argues Stefan Hefter, Partner, A&D, KPMG in Germany.

Recent conflicts have only reinforced the importance of integrating domains. The conflict in Ukraine has clearly demonstrated that modern warfare isn't won by battle groups, but rather by those best able to integrate multiple domains — land, sea and air, as well as cybersecurity, space and technology — to deliver not only better decision-making but also force superiority.

Complicating matters further is the fact that commercial players are increasingly providing the foundations upon which this type of modern warfare plays out. It is commercial satellites helping Ukrainian and Russian troops direct fire. Startups are delivering the small drones. Big commercial technology companies are providing cloud capacity, computing power and data storage.

The emergence of significant commercial players such as SpaceX and AWS and the increasing concentration of cyber competence in globally active corporations such as Microsoft illustrates that such structural shifts are unlikely to stop. In fact, they are only likely to be accelerated by the advent of artificial intelligence.

## Integrate to dominate

A force multiplier advantage may occur through interoperability and interchangeability of assets and information, deterrence being the desired outcome.

In part, the answer may need to be internal to defense organizations. Defense departments should strive to better integrate their domain knowledge, data and capabilities while taking a much more holistic approach to planning and investment. Commercial defense organizations may also need to work to break down internal barriers between capabilities, platforms and programs.

That suggests that defense firms may need to rethink their entire portfolio. On one level, the focus should be on integrating digitalization and AI into existing tech solutions and finding opportunities to take humans out of harm's way. At the same time, you want to be thinking about how you can coordinate all your separate domain products to provide a more integrated offering.

## Mobilizing the private sector

To succeed in this data-driven, integrated and commercially led defense environment, governments should be seeking to develop a clear strategy for encouraging collaboration and investment into the private sector capabilities.

"There is an inherent tension between the amount that we're investing and our ability to bring capital to bear in a market where the private sector has a clear advantage both in terms of innovation and commercialization," says Greg Miller, Partner, Cyber Security, Critical Infrastructure and Government, KPMG Australia. "Working with the private sector isn't about ceding control, but rather about creating the right market conditions under which to encourage a sovereign industrial base."

### Intentional integration

Shifting a defense organization from a domain-oriented, ring-fenced model to one based on integration and collaboration will require some heavy lifting by defense departments, their suppliers and the wider ecosystem. KPMG professionals have helped a wide range of public and private defense organizations reorient their strategy to enable a more integrated view of their domains. Based on that experience, here are five tips to help defense players accelerate their integration:

**01** **Take a holistic view**
While domains may remain a core organizational construct within defense for the foreseeable future, decision-making should be based on a holistic view of the data and a clear understanding of the intended integrated outcome.

**02** **Build ecosystems**
Encouraging innovation, investment and industrial capability requires governments and defense organizations to actively shape commercial ecosystems, particularly in key domains such as AI, telecoms and critical infrastructure.

**03** **Focus on the data**
Modern warfare is data-driven. Defense organizations should therefore be focusing on integrating data across domains to drive and enable more integrated decision-making.

**04** **Think dual use**
Dual-use technologies enjoy the benefits of private capital while helping to drive the business case for public expenditure. Where possible, defense organizations should consider how they can leverage and encourage innovation in relevant dual-use technologies.

**05** **Contribute to regulatory norms**
While global agreements are few and far between in the current environment, allied countries should be working together to encourage international regulation, particularly within the space, AI and cybersecurity realms.

Emerging domains like cybersecurity and space, for example, are largely dominated by private players. Yet these key domains serve as critical enablers to an integrated approach to defense. The challenge here, therefore, is to encourage private investment into dual-use technologies while maintaining sovereign control and capabilities.

"In the US, the Department of the Air Force and Department of Space Force have created organizations dedicated to helping drive integration across domains by bringing technologists, startups and venture capitalists together to meet future needs," notes Ed Marshall, Director, Federal Government, KPMG in the US. "That is helping drive greater integration between the air and space domains and building commercial capability at the same time."

## Collaborate and control

With AI applications accelerating innovation cycles, commercial entities (at least in the West) are likely to serve as power brokers providing military capabilities to allied customers throughout the globe. This will pose complex regulatory challenges to nations and alliances alike.

Indeed, while regulation plays a key role in helping to encourage innovation and ensure a level of government control, history suggests that regulation generally lags behind innovation. That will have a significant impact on two key enabling domains for defense in particular — space and AI.

Ultimately, the integration of domains will require governments and military leaders to pull multiple levers simultaneously. "This is not just a defense or security issue; this is a macroeconomic issue that touches every aspect of the political body, every government department and every bit of industry," adds Peter Griffiths, Global Leader, Defense and National Security, KPMG International. "In many ways, it's not as much about national security as it is about national resilience. And that requires a whole-of-government response."

### How KPMG can help

Around the world, KPMG professionals combine deep public sector and A&D industry experience with valuable capabilities in strategy, implementation and measurement to help leading government organizations and their suppliers integrate their enterprise data, processes and strategies to drive long-term advantage.

# Space: Commercializing the next frontier

**Space has rapidly become an unlimited domain for commerce, offering unprecedented opportunities for innovation and economic growth. This is creating appetite for new partnerships and ideas centered around the aerospace and defense (A&D) sectors.**

"The vast expanse above us is no longer a distant frontier but a dynamic, interconnected ecosystem poised to transform every aspect of human endeavor," notes Brian Miske, Principal, KPMG's Americas Space Lead, KPMG in the US. "We are on the brink of a new era where the traditional boundaries of the space sector dissolve, making the cosmos accessible to all."

The convergence of global space rivalry and increasing commercial ambitions has ignited a new space race. Estimates suggest the sector will grow to US$1.8 trillion by 2035.[21] Unprecedented innovation in technology and exploration is being unleashed. A rapidly evolving space economy and ecosystem is coming together, poised to reshape industries and redefine global strategy.

"The commercial impacts and benefits of the space domain are now widely appreciated by governments and industry," notes Sabrina Alam, Director, EMA Space Lead, KPMG Luxembourg. "Space is now an integral part of everyday activities in sectors such as communications, energy, transportation, agriculture and finance. In the future, we expect to see new, disruptive capabilities emerging that are likely to have an impact across all other sectors."

[21] *Space Economy Set to Triple to $1.8 Trillion by 2035, New Research Reveals,* World Economic Forum, April 8, 2025

## Enabling the opportunity for all

Unlocking the value of space will require three things to come together:

**01** **The democratization of access**
It is imperative that we advocate for policies that ensure equitable access to space resources for all nations and private entities. This will foster innovation while mitigating geopolitical tensions.

**02** **Strategic collaboration**
The future of space commerce hinges on strategic alliances between governments, private companies and international organizations. Working together, the sector can harness the full potential of the human and technological side of innovation, unlocking new business models and new forms of value.

**03** **Integration with industry**
If space is a domain of unlimited commerce, industry players across all sectors will need (and want) to play a key role in developing and harnessing the opportunities of the space economy. Partnerships between industry and the space ecosystem will be key. Examples can be found here: KPMG +Space: Infinite Horizons.

Already, a significant portion of investment into the space domain is commercially driven. According to a 2024 report by the UK Government, more than 80 percent of UK space investment is commercial.[22] While this shift has been exemplified by the emergence of private space companies like SpaceX and Blue Origin, whose advancements in reusable rocket technology have dramatically reduced launch costs and increased accessibility to space, today's space race is no longer solely about rockets and satellites; it's about integrating the vantage point of space into our businesses and daily lives.

"Imagine monitoring supply chains in real time from orbit, making smarter financial decisions based on a constant feed of global economic activity seen from above, or accessing real-time maps of the world's natural resources for intelligent conservation and management," explains Brian Miske. "This space-driven intelligence may spark strategies we can't yet conceive, disrupting entire industries and creating transformative experiences."

## Opening space

Over the past few years, the space economy has undergone a profound transformation, evolving from a predominantly government-driven enterprise to a dynamic commercial landscape fueled by innovation and substantial investment. Today, the sector is characterized by a complex interplay between commercial ambitions, national security imperatives, academic research and financial investment.

As the war in Ukraine has clearly demonstrated, the space domain holds significant national security considerations. Defense organizations are investing heavily, with estimates suggesting they made up 53 percent of all investment into space launches in 2024.[23] For defense organizations, the trend towards privatization and commercialization allows nations to leverage innovative technologies developed by private firms, enhancing operational capabilities while reducing costs.

While the commercial players in the US have been focused on opening up the market, the EU is looking to develop sovereign capabilities, particularly in communication satellites and reusable launches. The EU-funded IRIS2[24] program, for example, will pump some €10.5 billion into the European space ecosystem, providing a strong boost to the development of the EU space industry and economy.

Indeed, many of the technological advancements linked to the space economy have dual-use applications. The rise of low earth orbit (LEO) satellite constellations for Earth observation and communication is perhaps the most obvious. The increasing volume of commercial payloads, private missions to the International Space Station and the anticipated development of multiple commercial space stations by 2028 all point towards a robust, commercially driven space economy.

This convergence of commercial, financial, national defense and academic sectors working in concert signifies a critical juncture. All sectors must now focus strategically on the rapidly expanding opportunities presented by space technologies and the burgeoning space economy, recognizing its potential to revolutionize industries and redefine global economic and strategic landscapes.

## Looking to the horizon

The commercialization of space necessitates a significant shift in strategic thinking and operational approaches for the A&D sector. For example, the increasing integration of AI/ML in space systems requires robust cybersecurity measures to protect against potential cyberattacks. The rise of commercial space stations and space-based manufacturing could disrupt traditional defense supply chains, requiring new procurement strategies.

Partnerships are likely to be increasingly important, both across sectors and between nations. Governments may want to develop strategic partnerships with venture capital, private equity and emerging space companies while investing in innovative technologies that enhance data

[22] *Size and Health of the UK Space Industry 2023,* UK Space Agency, July 26, 2024
[23] ESA Report on the Space Economy 2024, European Space Agency, December 2024
[24] https://en.paperjam.lu/article/europe-moves-ahead-with-iris2

analytics and operational intelligence capabilities. Alliances between government agencies — like the European Space Agency's (ESA) relationships with counterparts in Australia, Japan and the UK — will be required to scal-up funding, ideas and resources.

At the same time, the growing commercialization of space necessitates the development of new international regulations to prevent conflict and ensure responsible behavior in this increasingly congested domain.

## How KPMG can help

KPMG firms offers a broad suite of services tailored to the needs of clients in the space economy, including strategic advisory, risk management, regulatory compliance and financial consulting. With experience extending across both government entities and private sector players seeking to navigate the complexities of this rapidly evolving landscape.

The EU is trying to take a lead on regulating space with the EU Space Law, which is expected to be passed in 2025. While their efforts to provide a common framework for things like traffic management and the safety of critical space infrastructure will be important to all players, it remains to be seen whether other jurisdictions will take different — perhaps conflicting — approaches.

What is becoming clear is that space is increasingly viewed as an unlimited domain for commerce, offering unprecedented opportunities for innovation and economic growth. Governments, businesses and individuals should embrace the potential of the space economy and work together to create a thriving and inclusive space ecosystem.

"Imagine a future where space is not just a destination for exploration, but a catalyst for human progress," suggests Brian Miske. "At KPMG, we are not just looking ahead; we are actively constructing this future, brick by innovative brick, data point by insightful data point, positioning KPMG firms as advisors to help realize this vision with clients and future clients, demonstrating the immense value of space."

The commercialization of space is already underway. Those who embrace this new frontier are likely to be the future's big thinkers — the architects of the next great ideas that revolutionize how we live and work on Earth (and perhaps beyond). The opportunities presented by the space economy in 2025 are boundless for those who have the vision to integrate the vantage point of space into their businesses and operating models. The time to act is now.

> **"Imagine a future where space is not just a destination for exploration, but a catalyst for human progress."**

**Brian Miske**
**Principal, KPMG's Americas Space Lead, KPMG in the US**

# Conclusion

The A&D industry is in a period of transition, with companies seeking new opportunities for growth while overcoming numerous challenges to achieve their objectives. This report has outlined the key industry trends that A&D executives and stakeholders should focus on to succeed in these turbulent times. Several of the trends create uncertainty, in particular the current geopolitical environment and ever-changing supply chain issues. Others offer opportunities for growth, whether from M&A, collaborating with the next generation of startups or expanding into new markets such as space. And several trends encourage industry players to direct their attention to critical success factors such as sustainability, innovation, digitalization and an enhanced workforce strategy.

As Grant McDonald notes, "We believe that the A&D industry will continue its growth trajectory because experienced leaders are focusing their efforts on those areas they can control, while ensuring they are aware of and adapting to external forces outside of their control. Stakeholder management, value creation and industry collaboration remain key success factors."

To learn more or to get in touch with us, visit KPMG's Aerospace and Defense site.

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Grant McDonald serves as the Global sector leader for KPMG's Aerospace and Defense industry practice. In this role, Grant stays updated on current issues facing the sector and shares his expertise and knowledge with clients and team members around the world. Previously, he served as the A&D sector leader in Canada.

Grant is focused on building the KPMG brand in the sector through the development of industry leading services, thought leadership and go-to-market strategies to support global A&D primes and their supply chain participants.

Grant has worked on a wide variety of strategic engagements for A&D companies, focusing on M&A, global expansion, economic impact analyses, due diligence and tax structuring for many A&D primes and Tier 1 suppliers.

Grant is a regular columnist and frequent speaker on topics of interest at industry webinars, seminars and conferences around the world. He is also an active member of various industry associations.

Grant is currently the Country Managing Partner for KPMG in Barbados and the Eastern Caribbean, He is also a Corporate and International Tax Partner, assisting multinational clients with tax planning and global tax compliance. He has over 40 years' experience serving clients of KPMG from Canada, the US and the Caribbean.


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Jonathon is the Global Head of Industrial Manufacturing at KPMG, leading a network of over 16,000 professionals worldwide, providing Audit, Tax and Advisory services. Jonathon is a partner in the UK, where he works on complex transformation programs and strategic projects, helping C-suite clients address organizational, process and strategic challenges. Jonathon has expertise in program management, policy development, performance improvement, process redesign, business planning, change management, and strategy development, enabling him to convene business leaders and policy advisors to solve complex problems.

As a sector leader, Jonathon is focused on forming deeper sector alliances, fostering collaboration to drive innovation and share best practices. Jonathon advocates for cross-sector convergence, believing it can lead to groundbreaking innovations and efficiencies. He seeks to unlock new value by encouraging collaboration and new business models, transcending traditional market boundaries. Moreover, Jonathon is committed to enhancing global clusters and corridors, fostering international relationships and interconnected innovation hubs to drive regional growth and position companies for global success.

## Brenda Walker

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Brenda currently serves as KPMG's Global Government Sector Head, responsible for steering the practice's strategic direction across the Federal, State & Local, and Cities Public Sector. She embraces go-to-market activities and drives thought leadership initiatives globally, working with technology alliance partners and teammates. A distinguished leader and Certified Public Accountant (CPA), Brenda has over 30 years of experience in digital enablement, financial management, and government accounting.

Beyond her professional work, she served as the VP of Finance on the Board of Directors of the International Alliance for Women (TIAW). Her mission to advance economic growth by empowering women is reflected in her leading one of the largest KPMG Women's Networks with over 800 members. Brenda is active in the Defense Community, Women in Defense Organization, American Society of Military Comptrollers, and the Association of Government Accountants.

Brenda's commitment to client and people care is key to her leadership. Her ability to cultivate relationships and create collaborative environments with clients, colleagues, and peers is the hallmark of her success.

## Peter Griffiths

Global Leader, Defense and National Security
KPMG International

Peter is the Global Lead for Defense & National Security, leading a global community of experienced professionals across all geographic regions, a highly informed workforce that holds security clearances as appropriate. Peter is domiciled in Australia and has been with KPMG for 28 years, with experience across the private and public sectors, navigating complex and major transformation across technological, programme, operational, and strategic changes across the Defense & National Security enterprise.

As the Global Leader for Defense & National Security he is an active participant in the global advisory community, leading and convening a number of KPMG's governance bodies for Defense & National Security practices. These bodies serve to advance the reputational edge and impact of KPMG's engagement across its global network by leading collaboration & enabling partnerships across Member Firms. Peter is focused on supporting collective and national interests by bridging multiple regions on strategic international initiatives supporting alliances and global programmes, and service and solution development. He is a strong supporter of developing our next generation of talent and thinkers.

Prior to his current role, Peter led the Australian Defense and Defense Industry sector, where his strong leadership saw significant growth and the successful establishment of the Australian National Security & Justice sector. Additionally Peter was a member of the KPMG Australia Board from 2016 to 2021.

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Designed by Evalueserve | Publication name: Emerging trends in aerospace and defense 2025 | Publication number: 139947-G | Publication date: June 2025