BearingPoint

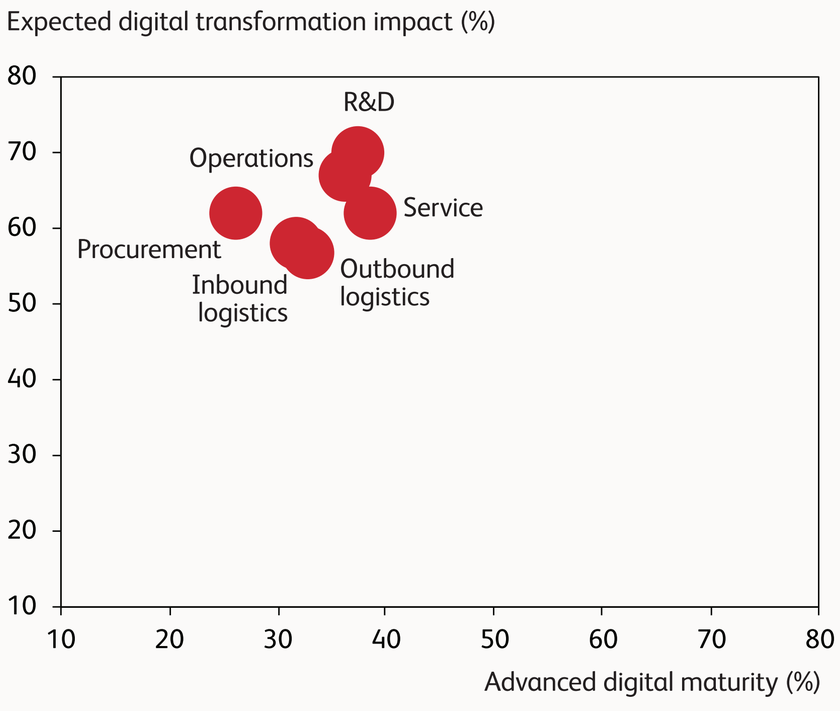
Digital transformation in Europe's defense value chain

Closing the digital execution gap across the defense ecosystem

Digital execution gap

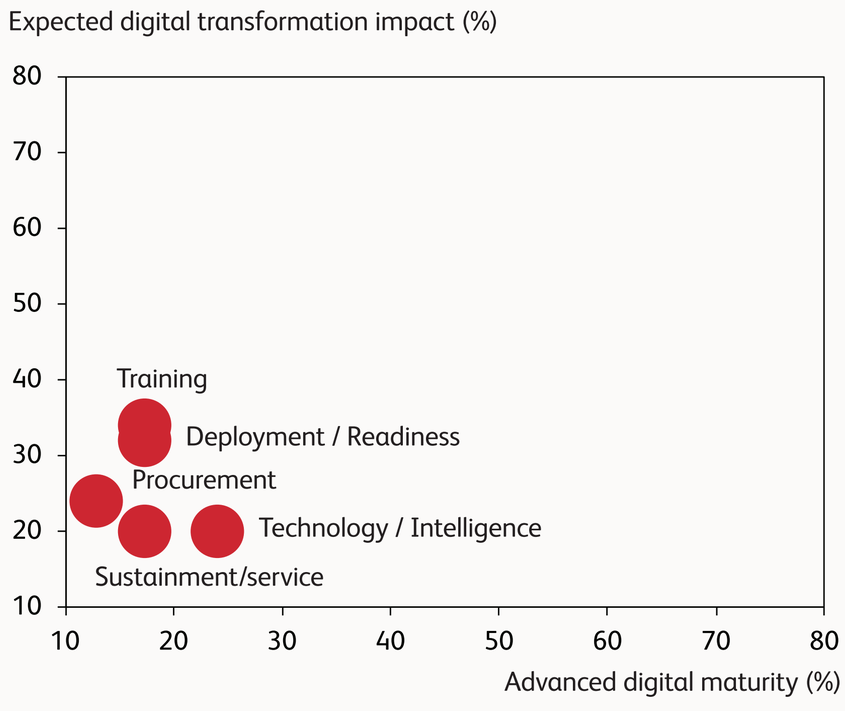
Aerospace & Defense: *Digital impact expectations are highest in R&D (70%) and operations (67%), followed by service (62%) and procurement (62%). The execution gap is most pronounced in procurement and R&D.*

Aerospace & Defense



Public Defense: *Digital ambition is highest in training (34%) and readiness (32%). Maturity remains uneven, with procurement lagging and command-and-control intelligence showing comparatively stronger maturity.*

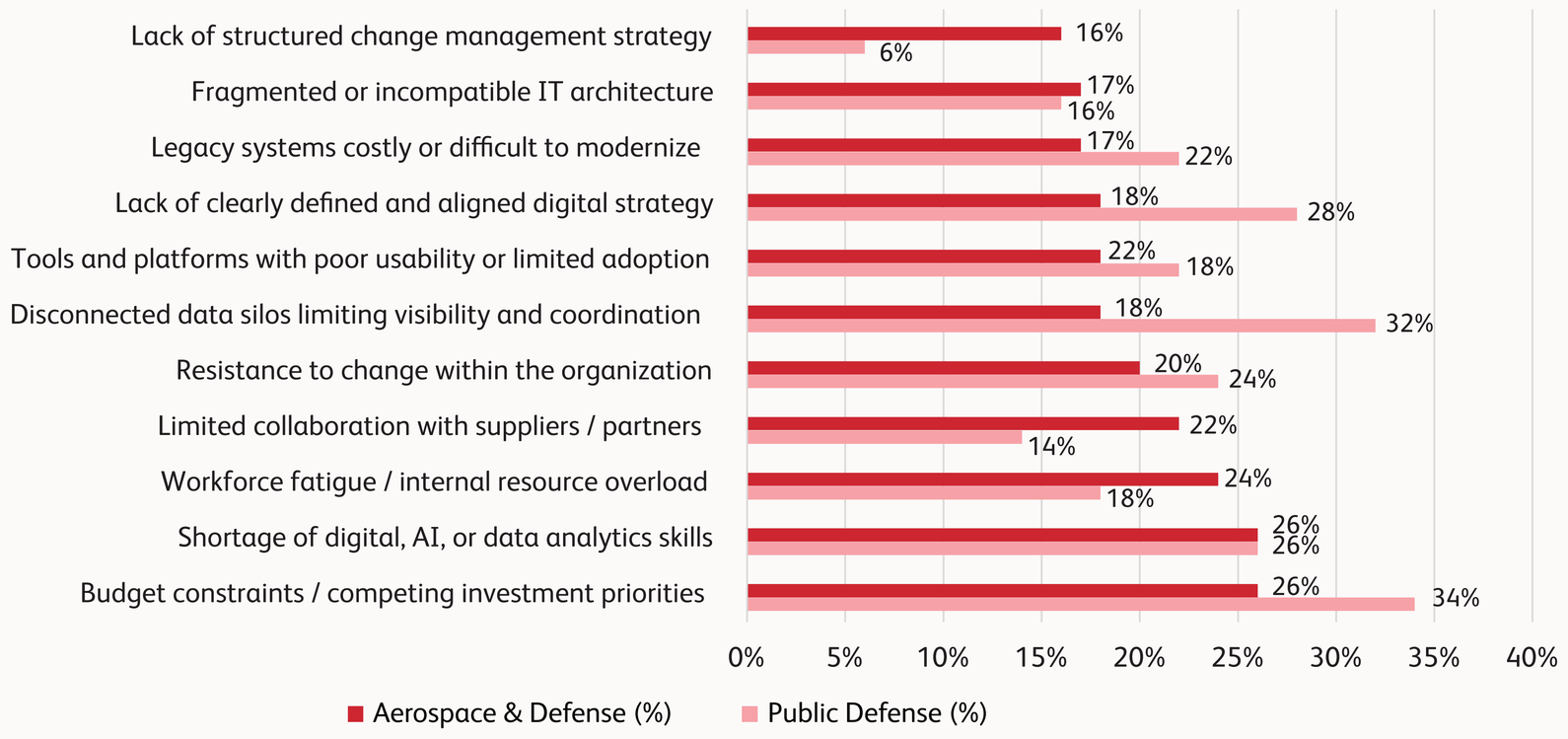
Public Defense



Internal barriers to digital transformation

Aerospace & Defense: *Scaling is primarily constrained by people and execution capacity challenges, with skills shortages (26%), budget constraints (26%), workforce fatigue (24%), and limited supplier collaboration (22%) emerging as the most significant barriers.*

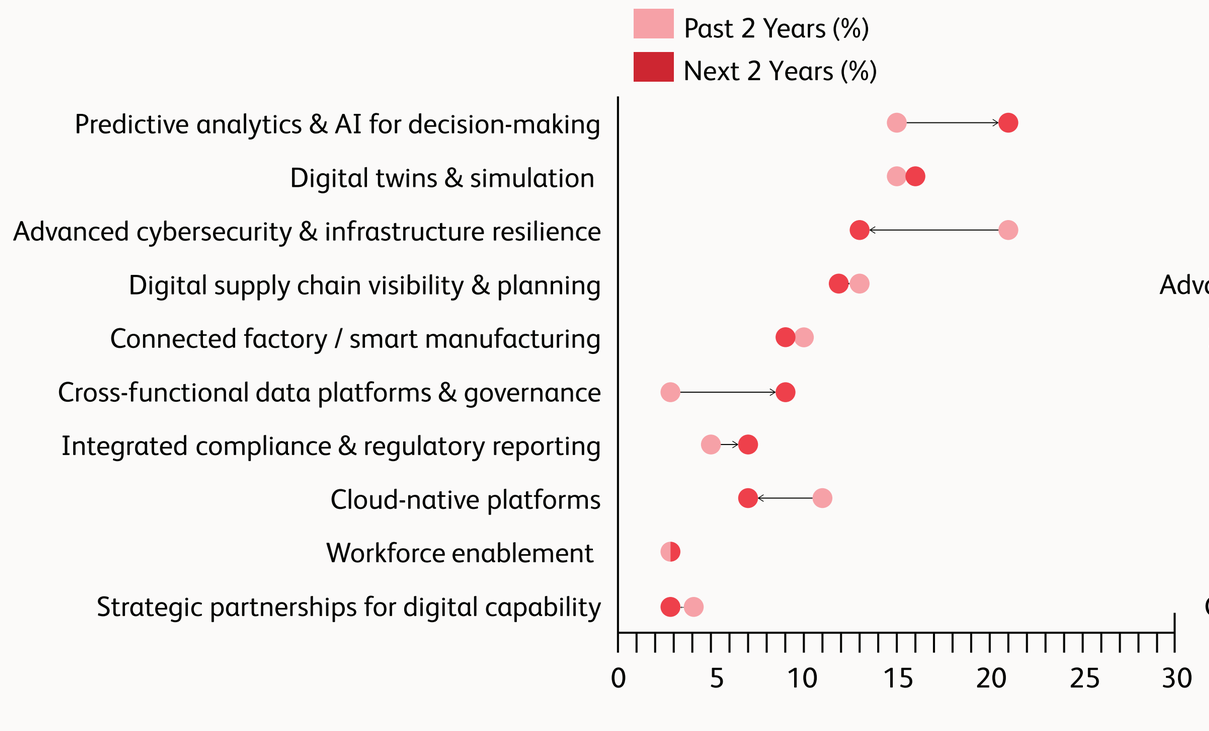
Public Defense: *Structural constraints dominate, with budget rigidity (34%) and disconnected data silos (32%) cited most often, alongside unclear digital strategies (28%).*

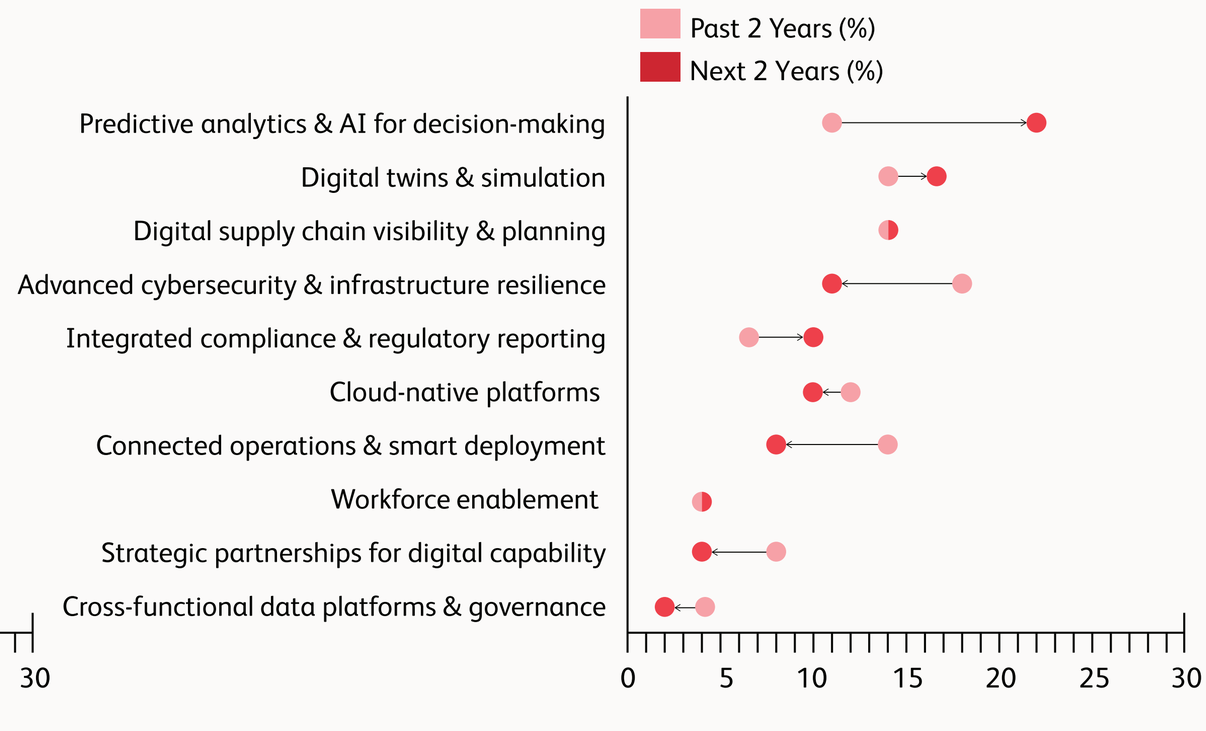


Shift in investment priorities

Aerospace & Defense: *Past investments were led by cybersecurity (21%), followed by predictive analytics (15%) and digital twins (15%). Future priorities shift toward predictive analytics (21%), digital twins (16%), and supply chain visibility (12%) marking a pivot to AI-enabled capabilities.*

Public Defense: *Past investments focused on cybersecurity and supply chain visibility, while future priorities shift toward predictive analytics and digital twins. However, critical enablers such as cross functional data platforms (2%) and workforce enablement (4%) remain under prioritised.*





BearingPoint research based on a survey of 151 senior executives from the aerospace & defense industry and public defense organisations across Germany, France, the UK, Italy, Sweden, and Finland, conducted in December 2025.