

War Has Changed

Lessons from Ukraine for the Western defence industry

Executive Summary

This white paper sets out how the character of warfare has shifted, marking a fundamental break from the legacy doctrine that has shaped Western defence planning for decades – what that shift means for industry and R&D, and how NATO-aligned companies can access the capital now mobilising behind defence.

1. The Changing Battlefield: 6 Interlocking Shifts

Six interlocking developments observed on the Ukrainian battlefield together mark a structural break from the warfare Western doctrine was built around. They should be read not as isolated trends but as a single, reinforcing system:

- **Total battlefield transparency:** Drones, satellites and open-source intelligence have made traditional concealment obsolete.
- **Acceleration of AI and robotics:** Autonomous systems compress kill chains from hours to seconds.
- **Drone saturation and an expanded kill zone:** Low-cost strike drones have pushed the contested zone from roughly 40 km to around 100 km from the front line, effectively substituting for artillery and cutting rear-area logistics.
- **New production economics:** Fast iteration and volume outweigh precision and high unit costs.
- **Expansion of deep-strike operations:** Long-range strikes blur the distinction between front and rear lines.
- **Vulnerability of manned aviation:** Dense, layered air defense shifts reliance to stand-off and unmanned systems.

“Every soldier is visible now – even those who hide in basements are still tracked. You can survive in a position for two or three hundred days, but the moment you need to move, you will likely be spotted. Movement now happens only when the weather allows it, or when a special operation temporarily shuts down enemy drones.”

– Kirill Krivolap, Partner, Civitta Ukraine

2. The Industrial Reality: Speed & Scale Over Legacy Precision

Taken together, these shifts redraw the requirements for Western suppliers. R&D portfolios still aligned with legacy warfare risk producing capabilities that no longer meet modern battlefield requirements. The emerging priorities are clear: signature management and counter-reconnaissance; integrated, layered counter-UAS combining electronic warfare with kinetic effects; AI-resistant communications and human-machine teaming; stand-off and deep-strike capabilities; and resilient air defence extending to rear-area and critical-infrastructure protection.

Ukraine's interceptor drones now account for a growing share of Shahed kills – Ukrainian officials have cited figures ranging from roughly 50% to over 70% depending on the period and location, with Kyiv's air defence among the most effective. These drones are also being adapted against a wider range of threats, including some helicopters. However, faster and higher-flying targets such as cruise and ballistic missiles still rely primarily on missile-based air defence like Patriot and NASAMS.

Ukraine's own procurement data confirms this.

Ukraine's Rapid Procurement Shift

- UAV market: ≈63-fold growth over three years – drones are now the dominant weapon system by procurement value
- Electronic Warfare (EW): ≈73-fold growth since 2023
- Ground robotics: ≈6-fold increase year-on-year

Crucially, the winning industrial model is built for speed: distributed, dual-use manufacturing; localised supply chains that reduce dependence on vulnerable imports; and short development cycles measured in weeks and months.

Unit costs bear this out. Mid-range strike drones now cost roughly \$4,000–\$6,000, and interceptors \$2,000–\$3,500, with the prices falling each day. The first deep-strike drones cost around \$200,000; today, the equivalent is under \$50,000. The economics keep shifting because these systems are now produced and consumed at a huge volume.

3. Funding the Transition: “Build with Ukraine”

Europe is mobilising capital at unprecedented scale to close the gap between battlefield demand and industrial supply – and, increasingly, to integrate Ukraine’s defence base directly into the European ecosystem. Under the “Build with Ukraine” model, launched in June 2025, Ukrainian companies form joint ventures with European partners to produce Ukrainian-designed drones, EW systems, missiles and ammunition inside the EU – Ukraine contributing combat-proven knowledge, Europe providing capital, facilities, certification and market access. In parallel, a proposed Ukraine Prosperity Plan envisages an EU–US strategy to mobilise up to \$800 billion for post-war recovery and growth.

Build with Ukraine was launched by President Volodymyr Zelensky in June 2025, growing out of a proposal raised at a Ramstein-format meeting in which international partners would fund the creation of Ukrainian-designed weapons production abroad. It extends an earlier mechanism known as the “Danish model,” under which Denmark and other donors paid to expand arms production inside Ukraine itself; Build with Ukraine applies that same logic to production lines on partner territory, largely in response to Russia’s intensifying strikes on Ukrainian industrial sites.

The programme is driven jointly by the Ukrainian government – principally the Ministry of Defence, the National Security and Defence Council under Secretary Rustem Umerov, and the Verkhovna Rada’s finance committee – and a growing roster of European partner governments. Denmark moved first, committing roughly DKK 500 million (about €67 million) in June 2025 to help Ukrainian firms establish production on Danish soil, followed by a September 2025 agreement for the Ukrainian company Fire Point to build a drone- and missile-fuel plant near Skrydstrup airbase. Norway, Germany, the United Kingdom, Lithuania, and Poland have since signed comparable intergovernmental agreements, and Germany’s first Ukrainian-built drone production line became operational in February 2026.

Funding flows primarily from the partner governments themselves, who finance the capital, facilities, and certification needed to stand up production, while Ukraine contributes battlefield-proven designs and manufacturing expertise. This sits alongside broader EU-level financing: a €90 billion EU loan approved in 2026 earmarked roughly €60 billion for defence industrial capacities, part of which supports co-production ventures under this framework. To coordinate the growing number of deals, Ukraine is opening ten defence export hubs across Europe by the end of 2026 – including in London, Berlin, and Copenhagen – to connect European manufacturers and buyers with Ukrainian partners and standardise the terms of these joint ventures.

In practice, joint ventures under Build with Ukraine typically send 50–100% of output back to the Ukrainian Armed Forces, with the exact split negotiated deal by deal. Technology sharing between partners does occur, often through licensing or capital contributions into the joint venture. Ukraine’s export-control authorities generally favour structures that preserve Ukrainian IP ownership over outright technology transfer, so the extent to which European partners gain freestanding rights to produce these systems for NATO varies by agreement.

For companies, the most immediate opportunity lies in four families of funding instruments now open across Europe – several with provisions designed specifically to include Ukrainian and cross-border partners:

Table 1. European defence funding instruments

Instrument	Budget	What it does and why it matters
EDIP IRA	€1.5 bln	▪ The EU's first common, long-term instrument to rebuild industrial capacity – financing actual production, not just research ▪ Includes a €300M Ukraine Support Instrument ▪ €260M ring-fenced for EU–Ukraine work on unmanned/counter-unmanned systems and on missiles, ammunition and bombs
EDF	€7.3 bln	▪ Flagship fund for collaborative defence R&D across all military domains, at up to 100% of eligible costs ▪ Ukrainian entities are now partially eligible to join cross-border consortia
SAFE	€150 bln	▪ Loan instrument under ReArm Europe / Readiness 2030 that lets member states fast-track large-scale joint procurement ▪ Ukraine's defence industry is eligible from the outset ▪ Financing favours common purchases by two or more countries
National & accelerator funding	Varies	▪ Open national calls (UK DASA, Denmark Grand Solutions, Germany SPRIN-D) ▪ Accelerators (NATO DIANA, EUDIS, BraveTech EU / DefTech Forges) ▪ Non-dilutive grants and vouchers – many open to applicants registered outside the host country

4. Strategic Next Steps: Bridging the Capability Gap

Responding to the shifts outlined above demands a coordinated push across R&D, production and funding strategy at once, and few companies have the internal bandwidth to track every

funding family, realign technical roadmaps to fast-moving battlefield priorities, and build the Ukrainian relationships that are now central to market access, all at once. Civitta operationalises that response.

Civitta is the leading consulting firm specialising in defence funding and strategic stakeholder engagement, with more than 800 team consultants across 20-plus countries and a team of 130-plus consultants in Ukraine since 2014. The firm combines funding attraction – having submitted hundreds of projects and helped attract over €1 billion in financing – with public- and private-sector advisory grounded in active relationships across the Ukrainian Ministry of Defence, the Armed Forces of Ukraine, NATO security-assistance frameworks, the Ukraine Defence Contact Group, and defence innovation ecosystems.

Civitta runs three programmes in this space: **Bridge to Ukraine**, which helps primes and SMEs navigate Ukraine and adapt their product portfolios to modern combat challenges; **Bridge to NATO**, which allows Ukrainian companies to access and grow into NATO markets through the Build with Ukraine framework; and a dedicated **funding practice** that helps companies in Ukraine and abroad access money from the instruments described above.

Civitta takes full responsibility for the proposal lifecycle – from aligning on call requirements through desk research, content development and quality assurance to final submission – so that clients can convert the shifts described here into funded, scalable capability. The strategic question is no longer whether warfare has changed, but how quickly will your strategy adapt to it.

About the Contributors



Kyrylo Kryvolap

Partner, Advisory Board
Member, Civitta Ukraine



Greg Fishman

Senior Advisor, Civitta
Ukraine



Tuomas Virtanen

Managing Partner, Civitta
Finland



Emanuel Skog

Manager, Civitta Sweden



Ivan Khomenko

Manager, Civitta Ukraine