



GUIDE DEFENCE · 14 MIN READ

Becoming a supplier to the defence/armaments industry

Market entry as a tier 2/tier 3 supplier in the defence/armaments industry: requirements, qualification routes, timescales and practical recommendations.

Market structure and the supplier pyramid

The German defence industry has a hierarchical structure. At the top are the prime contractors — Rheinmetall, KNDS (KMW + Nexter), Hensoldt, Diehl Defence — which supply the Bundeswehr and NATO partners directly as tier 1 suppliers. Below them are tier 2 suppliers, which supply subsystems and assemblies, and tier 3 suppliers, which provide components, materials and services. For specialised medium-sized companies — in refractory construction, for example — entry as a tier 2 or tier 3 supplier is the realistic option.

- Tier 1 (prime contractors): Rheinmetall, KNDS, Hensoldt, Diehl Defence, ThyssenKrupp Marine Systems, Airbus Defence — direct contract partners of the Bundeswehr
- Tier 2 (subsystem suppliers): specialised medium-sized companies with their own system expertise — for example in drive components, optics or electronics
- Tier 3 (component suppliers): suppliers of materials, parts and services — this is where refractory specialists position themselves
- Tier 4 (raw material suppliers): base materials, standard parts, merchandise

Note: Market volume and growth — The regular defence budget (Einzelplan 14 of the federal budget) stood at around 62 billion euros in 2025; together with the Bundeswehr special fund, around 86 billion euros were earmarked for defence in 2025 — and the trend is upwards. The Bundeswehr special fund (100 billion euros) is driving major procurement programmes. For suppliers this means: the market is growing, demand is likely to remain high for years to come, and the prime contractors are actively looking for qualified suppliers in order to expand their capacity.

Requirements for market entry

Entering the defence industry takes more than good products. The prime contractors expect their suppliers to hold a defined set of qualifications that go beyond what is usual in civil industry. The good news: many requirements can be built up step by step, and the first contract does not have to demand the full scope of qualification straight away.

- Certified QMS: ISO 9001 as a minimum, ideally with AQAP conformity or AS9100D
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Technical expertise: demonstrable experience in the required technology — references from demanding industrial sectors count

- Ability to deliver: capacity for on-time delivery, including for short-notice call-offs and series production
- Confidentiality: willingness to maintain secrecy and, where applicable, to undergo the security clearance procedure for classified contracts
- Financial stability: proof of creditworthiness — prime contractors assess the economic performance of their suppliers
- Location: production in a NATO member state, ideally in Germany — relocating production to third countries is viewed critically

Note: Making use of transferable capabilities — Refractory companies with experience in the steel industry, petrochemicals or power engineering already possess many of the required capabilities: high-temperature process expertise, quality documentation, working under security requirements and experience with large-scale projects. These transferable capabilities should be highlighted specifically when applying as a supplier.

Qualification routes and making contact

The route to becoming a defence supplier runs through several parallel activities: building qualifications, networking and active business development. There is no central registration body — access is via the purchasing departments of the prime contractors, via industry associations and via trade fairs.

- Prime contractors' supplier portals: Rheinmetall, KNDS and others operate online portals for supplier registration — registering is the first step
- BDSV (Federation of German Security and Defence Industries): membership opens up access to networks, events and information
- Eurosatory, IDEX, Enforce Tac: leading trade fairs for defence technology — direct contact with buyers and engineers from the prime contractors
- Chambers of commerce and economic development agencies: regional initiatives such as the Forum Wehrtechnik or defence clusters provide contacts
- Direct approach: identify the technical buyers at the prime contractors (LinkedIn, specialist conferences) and approach them specifically — with a concrete technical offering

Note: The first contract: start small — Do not expect to win large contracts immediately. The typical entry point is a small order — a delivery of material samples, a repair, a technical study. Use this opportunity to prove your reliability. In the defence industry the rule is: once you are in the system and deliver good work, you are rewarded with a rising order volume.

Timescales and roadmap

Building up the capability to supply the defence sector is a strategic project that takes 18 to 36 months. A realistic timescale allows for certifications, networks and technical evidence to be built up in parallel. The following roadmap provides guidance for medium-sized companies approaching market entry systematically.

- Months 1–6: strategic analysis, definition of target markets, starting ISO 9001 certification or extending an existing one to cover defence requirements
- Months 3–12: building networks, BDSV membership, first trade fair visits, registration in supplier portals
- Months 6–18: initiating the security clearance procedure (if required), preparing first articles and technical documentation
- Months 12–24: submitting first quotations, sample deliveries, qualification audits by potential customers
- Months 18–36: first series contracts, building up series delivery capability, demonstrating AQAP conformity

Note: Protecting the investment through offset deals — International defence deals frequently carry offset

obligations: the foreign manufacturer must generate part of the added value in the purchasing country. For German suppliers this can be a way in — for instance when a US system is procured for the Bundeswehr and the US manufacturer has to involve German suppliers.

Risks and typical pitfalls

Entering the defence industry carries specific risks that medium-sized companies need to understand and manage. Long qualification cycles, political dependencies and strict compliance requirements call for realistic expectations and careful planning.

- Long lead-in times: it often takes 2 to 5 years from initial contact to a series contract — financial staying power is essential
- Political risks: export licences can be delayed or refused, and budget decisions can postpone procurement programmes
- Compliance complexity: mistakes in export control or security clearance can have criminal law consequences
- Dependency: excessive concentration on a single client or programme creates cluster risks
- The dual-use trap: products that have previously been exported freely can become subject to licensing through defence use

Note: Diversification as a strategy — The smartest strategy is to combine civil and military contracts. Use your defence expertise as a premium reference for the civil market and vice versa. This avoids dependencies and exploits synergies in technology and quality assurance.

Frequently asked questions

Can a small company with 20–50 employees become a supplier to the defence/armaments industry?

Yes — the defence industry needs highly specialised suppliers of every size. What matters is not company size but technical expertise, reliability and certification status. Many tier 3 suppliers have 20 to 100 employees. Specialising in a niche — refractory linings for special metallurgy, for example — can be a unique selling point, particularly for small companies.

Which sector experience is recognised as equivalent?

Experience in the steel industry, petrochemicals, nuclear power technology and aerospace is regarded as high-value by defence buyers. These sectors share high quality requirements, a strong safety culture and rigorous documentation standards. Experience with ASME, AD 2000, the Pressure Equipment Directive or nuclear codes and standards is particularly valuable.

What is the most common mistake when entering the market?

The most common mistake is underestimating the lead time and the compliance requirements. Many companies invest in trade fairs and business development before they have put the fundamentals in place: ISO 9001, security clearance, export control compliance. Without that basis, quotations fail at formal hurdles regardless of technical quality.

Is there state funding for entering the defence industry?

There is no direct funding for defence market entry. However, certification costs (ISO 9001), research projects with a defence technology focus (BMVg research funding, the EU's European Defence Fund EDF) and general innovation funding (ZIM, BMFTR) can be drawn on. The chambers of commerce and the BDSV provide advice on funding options.

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