

# How wartime economics will reshape our supply chains

For most of their careers, procurement and supply chain leaders have operated in what might be termed “peacetime conditions” - globalised markets, relatively stable politics and just-in-time models optimised for efficiency. Well, that era is well and truly over. To that end, we were honoured to be invited to September’s Exiger Executive Forum in London, a gathering of procurement leaders, financiers and politicians to see how procurement leaders can navigate a new phase of supply chain revolution: ‘war-time readiness’...

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The scheduling of the Exiger Executive Forum couldn't have been more timely. Just a week ago, NATO planes downed Russian drones over Poland. Saturday will see three Russian fighter aircraft enter Estonia's airspace without permission. Sunday will see fighter jets from Germany and Sweden scrambling over the Baltic Sea to intercept and track an unidentified Russian surveillance plane. These are perilous times.

The Re-Arm Europe programme, backed by more than €800bn in funding and EU initiatives such as EDIP and ASAP, is addressing these concerns by placing the EU onto a wartime footing. However, this is not simply about tanks, jets and missiles, its impact will ripple far beyond defence primes. From chemicals to chips, logistics to software, sectors once peripheral are now central to Europe's security as their supply chains edge towards the frontline.

### **From efficiency to fragility**

September's Exiger Executive Forum is made up of three exceptional leaders: Tobias Ellwood, former MP, soldier and Chair of the Defence Select Committee from 2020 to 2023, who brings a defence and policymaker's view of Europe's readiness; Faysal Rahman, Head of Defence at Deutsche Bank AG, who is strategically placed regarding the unprecedented EU defence spend and Koray Köse, Chief Analyst and Founder of KOSE Advisory, senior fellow with GLOBSEC, futurist, technology and AI evangelist and former Gartner Analyst and Supply Chain Executive, who connects geopolitics, AI and supply chain resilience at the sharpest edge of disruption with his massive global audience. Their host is Exiger's Tim Fowler.





## **"We've always measured cost, quantity, quality, never fragility or resilience. That must change"**

*Koray Köse, Chief Analyst, Kose Advisory*

At the latest Exiger Executive Forum, the group is poised to tackle how wartime economics redraws supply networks, creates new critical suppliers and redefines what resilience and readiness mean for global supply chains already under significant pressure, where the impact of the Re-Arm Europe programme is but another stress test. After all, if your suppliers are suddenly required as part of the war effort, or are considered security risks due to their location, how will you replace them?

"You should definitely prepare," Ellwood reveals. "What would happen, if say London didn't have water or electricity for 72 hours? Who would you turn to? These are the questions we need to be asking ourselves. And once you get your mindset around those sorts of things, you can start preparing yourselves more widely for being able to procure in these difficult environments. Where are your supply chains leading? If they

all go to China, then where's your plan B?" he posits. "That might take you to Canada who are ready with a lot of the minerals, say, but the processing capabilities there are woefully behind. So there needs to be some direction, some vision, certainly some strategy to say we need to think of these things were the proverbial to happen. These are very difficult, but important questions and I think it's really very wise for us to now consider them, however dark."

War-time readiness is going to massively impact supply chains across all sectors, but

are procurement leaders ready to respond when wartime economics collide with fragile, globalised supply chains? Köse, expert supply chain and technology strategist, pulls no punches. "No, they're not, and it's not only their fault, it's the fault of the economy. We work in a way where you look at quarterly reports and three-year plans because the worst thing for a CFO is for uncertainty to be built into the budget. They hate that. So, what they minimise is that uncertainty in the budget that then reflects into stiff procurement and supply chain targets, which reflects into savings targets. However, targets should always be focused on value maximisation and if you don't get that, you should get out of procurement and supply chain."

Procurement's historic back-office status, Köse argues, has left organisations exposed. Risk has been a KPI, but not fragility or resilience. "We've always measured cost, quantity, quality," he details. "Never fragility or resilience. That must change."

The numbers he cites are sobering. In Germany, it would take until 2121 to rebuild stockpiles of ammunition back to 2004 levels. "Nothing works without security," he tells the room. "And nothing works without supply chains. Procurement is no longer about buying things at the lowest cost. It's about national resilience."

"Most organisations only invest in resilience after the last shock," offers one audience member. "The problem is that resilience looks like an insurance policy. Nobody wants to pay for it until it's too late," he continues. "Resilience also means securing skills,



not just materials," declares another. Both perspectives reinforcing a central theme: procurement must expand its definition of resilience, from materials to people, from efficiency to adaptability.

The forum is clear that wartime economics will not stay within the defence silo. Energy, pharmaceuticals, FMCG and tech will all feel the squeeze. Köse cites the EU's Critical Raw Materials Act, which sets ambitious targets for mining, processing and recycling within Europe. "If you're a CPO in pharma or FMCG, don't think this won't touch you," he cautions. "Aluminium, cobalt, lithium — these are not just defence issues. Inflationary pressures, resource competition and talent shortages will hit everyone."

According to Köse you first need to establish security and the visibility into supply tiers, to be able to control your supply chain. "Because supply chains define your economic success which then bolsters the social fabric and so on. The ripple effect. "And when we're thinking about supply chain, we have always underestimated the role that we played in this because we have always been pushed in the back office. But now it's the flip side. Why? Because of those unprecedented

events such as COVID. 'Supply chain, can you please help us? We need PPE, we need availability of vials for the vaccine.' And then Ukraine happened, and then inflation happened, and then AI. Suddenly, the CPO and the CSCO are both under pressure and the focal points. This is the time to act and not to sit and wait."



**“..smaller suppliers are critical to the ecosystem. If one of Lockheed Martin's 1,650 suppliers fails to deliver, the entire F-35 programme is affected”**



*Faysal Rahman, Head of Defence, Deutsche Bank AG*

### **Procurement's new KPIs: fragility, resilience and agility**

So, what does resilience look like in practice? Köse suggests that the three converging levers: people, process, and technology are now complemented, with integrating politics and economics – without the amplification resilience remains an illusion. He also warns against procurement's obsession with cost. "It's not cost management anymore. It's revenue protection and maximisation," he argues. "That means funding hidden champions, backing innovative startups, and leveraging the financial sector and banks to unlock capital."



The technological revolution is creating both the problems and the possible solutions when reshaping procurement and increasing resilience. "We are still coming to terms with unmanned warfare," Ellwood explains. "Simple drones costing a few hundred pounds are neutralising tanks worth millions. That changes procurement priorities overnight. It's about volume, adaptability, and speed. The lesson for corporate procurement? Traditional innovation cycles are collapsing. From 3D printers producing drone parts on the Ukrainian frontline, to Boston Dynamics' robotic "dogs" potentially repurposed as weapons, procurement leaders must think beyond cost and consider adaptability as a strategic metric."

Even with capital and innovation, Europe also faces a coordination problem. Faysal Rahman, Head of Defence at Deutsche Bank notes that "27 countries, 27 defence ministers, 27 bespoke tanks are creating inefficiencies. Soft EU guidance on joint procurement has yet to deliver real standardisation". Ellwood illustrates the absurdity with examples: British artillery pieces unable to fire Lithuanian shells; aircraft unable to use interchangeable refuelling systems. "There is no commonality in NATO beyond small-calibre bullets," he



warns. "That is madness in this day and age." For procurement leaders in every sector, the takeaway is simple: fragmentation kills resilience. Standardisation, interoperability and collaboration must be procurement priorities.

So, how do we bridge the gap between the governments involved in these programmes and the commercial organisations? What advice can we give commercial organisations when they're talking to government and vice versa? How can government help? "I think collectively you need to work out yourselves what you'd like to see happen rather than waiting for it," Ellwood explains. "I've spent 20 years in parliament and in government and there's an awful lot of reaction and 'working the day', not looking at the bigger picture, not looking at long term. Half the problems we've

got now, including recognising where our rare minerals should come from is because China is very good at looking ahead 34 years. It's always a lot easier if you are the dictator and you're going to still be in power in 34 years, but for a parliamentarian, for a government and for a minister, you're actually looking at the electoral cycle. My advice would be collectively work out your recommendations and then seek good advice from the people that can influence the decision making. The ones that when all the meetings are finished, stay up late around the fire with the prime minister and work out what we should actually do. When you want thoughts to be shared it's more powerful and has more clout, if collectively you work out what your recommendations are, slightly 'across the table'."



**"We are simply unprepared for what's coming over the hill, and it's going to come very fast indeed"**

*Tobias Ellwood, former Chair of the Select Defence Committee*



## Exiger Executive Forum: A closer look

The Exiger Executive Forum (EEF) in London is a global think tank that brings together elite independent voices from strategy, policy, technology and business to equip leaders with the frameworks and foresight needed to navigate the multipolar era. The EEF is exclusively curated for industry experts, analysts, policy makers, and senior procurement and supply chain decision-makers through Exiger, a market-leading supply chain AI company.

*The next Exiger Executive Forum '[False Security: The Illusion of Control in Modern Day Value Chains](#)' will take place in London on Tuesday, November 18th, 2025.*



### Financing resilience: banks stepping in

If fragility is a major problem for war-time supply chains, finance is certainly part of the solution. For procurement leaders, the implication is clear: access to finance is becoming a core enabler of supply chain resilience, hence the €800bn Re-Arm Europe fund. But agility is also essential. Unlike slow governmental RFP processes, banks are innovating with guarantees and bespoke lending models to get cash where it's most urgently needed. Rahman explains how capital is now being redirected to strengthen the supply chain itself, not just the primes at the top. "It's not only large corporates that need capital," he reveals "It's the smaller suppliers who are critical to

the ecosystem. If one of Lockheed Martin's 1,650 suppliers fails to deliver, the entire F-35 programme is affected. That's why we struck a €500mn deal with the European Investment Bank specifically to fund SMEs in defence supply chains. Demand has been overwhelming. We closed that deal just months ago," he notes. "And already 70% of the capital is gone."

### Conclusion: preparing for the next shock

From finance to fragility, drones to data engineers, one theme echoed through the Exiger Executive Forum: resilience is now procurement's ultimate KPI. Rahman illustrates "We're starting to factor in these black swan events that are unlikely to happen in theory, but are becoming more and more common in practice. The one thing that is extremely challenging is the uncertainty. If you look at any deal-making, whether it's acquiring a company or giving a loan, the number one ingredient for making a deal is confidence. If you don't have confidence, you can't make that deal. That's what we've started grappling with because the last three to five years have seen a lot of unprecedented events. How you manage that is really important. We're also looking at issues around cybersecurity becoming a lot more prominent in the defence industry. If a missile or a satellite gets hijacked, how do you manage that risk?"

For procurement leaders, the war-time readiness challenge needs us to prepare not just for yesterday's disruptions but for tomorrow's 'unthinkable'. As we've discussed, that means rethinking metrics, partnering with finance, investing in innovation, and engaging with government. Because in an era where geopolitics and economics collide, procurement isn't just about sourcing. It's about securing the future. ■