



From Products to Ecosystems

How Latvian companies can
enter and scale in the European
Defense value chain

The logo for the 'LATVIAN DUAL USE EXPORT FORUM 2026' is enclosed in a large, dotted yellow circle. A yellow arrow points from the bottom of the circle towards the text. The background of the slide features a complex network of green and yellow lines and dots, resembling a digital or defense ecosystem.

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Europe has entered a Defense Industrial era



Era of peace dividends is over.

- European defense budgets are rising
- Reindustrialization is underway
- Supply chains are becoming strategic assets
- Defense is becoming an economic issue

"Dual-use innovation can turbocharge Europe's competitiveness, create new markets, and strengthen our industrial base. Without access to defense-related markets, Europe's most promising startups risk stagnation or relocation, a dynamic our competitors, especially the US, have long understood and capitalized on."

Lars Frølund, Board Member, European Innovation Council (EIC)



Why this matters for Latvia

Latvia does not need to become:

- Airbus
- Rheinmetall
- Safran
- BAE

Latvia can (and should) become:

- Indispensable
- Specialized
- Agile
- Integrated

‘Only the paranoid can survive’
Andy Grove (Intel CEO)

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Most companies start with the wrong question

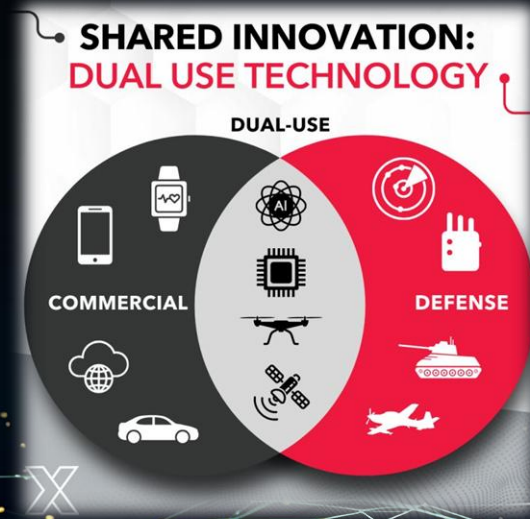
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Wrong:

Can I sell my product to defense?

Better:

Where do I fit inside a capability ecosystem?



Defense is not a normal market (1)



TRUST

In defense, people are not buying products.

They are buying:

- reliability
- predictability
- security
- long-term support

A Ministry of Defense is not asking:

"Can your product do this?"

They're asking:

"Can I trust you to do this for the next 20 years?"

CAPABILITY

Defense doesn't buy products.
Defense buys outcomes.

Nobody buys a radar or a missile or a drone in isolation.

They buy:

Air defense capability.

Intelligence capability.

Border surveillance capability.

A drone by itself is not capability.

With communication, operators, maintenance, software, training, logistics – it becomes a capability.

SOVEREIGNTY

This is the pillar most commercial companies underestimate.

Defense decisions are not purely economic.
They are political, strategic, national.

Governments ask questions like:

- Can we produce this in Europe?
- Can we produce this in wartime?
- Can we maintain it ourselves?
- What happens if supply chains break?
- What happens if the supplier's country changes policy?

Defense contracts are often won years before the product is delivered.

Defense is not a normal market (2)



TRUST

Can I rely on you ?

Reliability
Delivery
Support

CAPABILITY

Can you deliver the effect ?

Mission Outcome
Integration
Performance

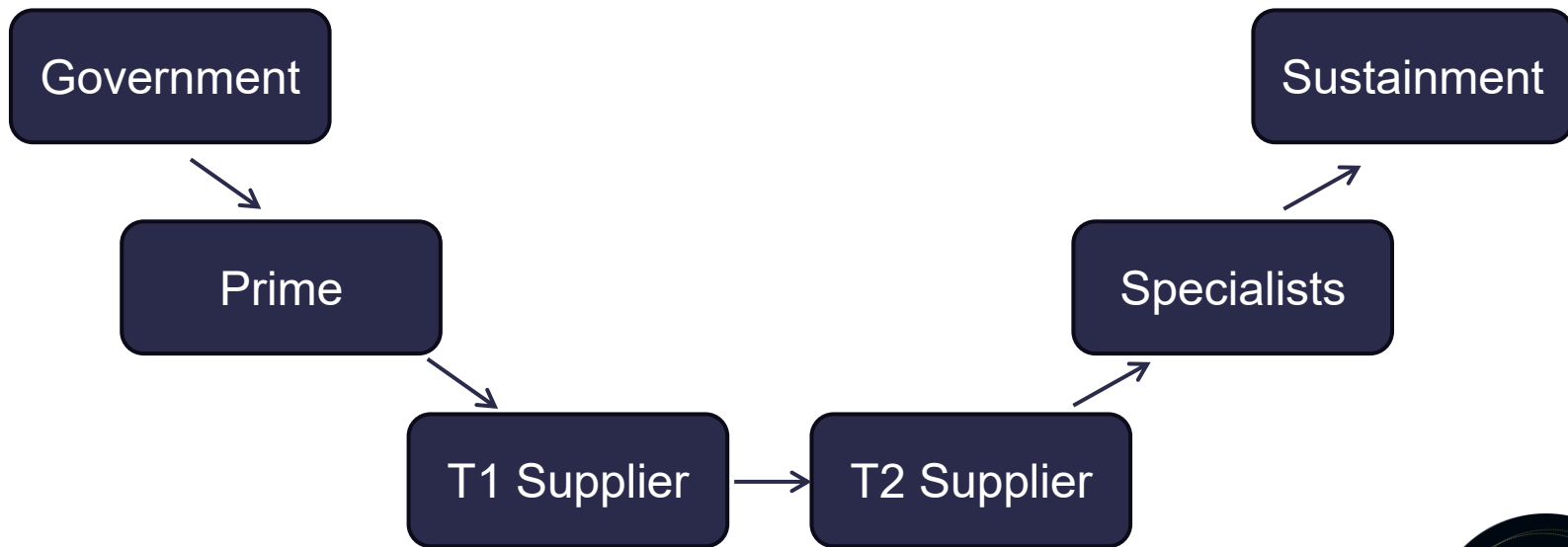
SOVEREIGNTY

Can we depend on this strategically

Resilience
Security
Strategic Autonomy

If you remember only one thing from today, remember this:
Most markets buy products.
Defense buys trust, capability, and sovereignty.

How the ecosystem actually works



THE RAFALE SUPPLY CHAIN ECOSYSTEM

One aircraft. Hundreds of companies. Decades of partnership.

The Rafale is designed and delivered by Dassault Aviation, integrated with systems and components from a global network of trusted partners and suppliers.



PRIME CONTRACTOR

Overall design, systems integration, certification, customer relationship, delivery and lifecycle support.

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What Europe actually needs

Sensors

Optics

Communications

Autonomy

Manufacturing

Sustainment

Energy resilience

Testing

Europe's challenge is no longer invention. It is integration, production, validation, and scale.

"The scale, cost and complexity of defense projects mean that no country can do it alone."
Ursula von der Leyen

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Innovation is not enough



The Dual-Use Readiness Ladder

From idea to mission – building technologies that matter.

Stage	TRL (Can we build one?)	MRL (Can we build thousands?)	Defense Milestone
 Research	TRL 1–3: Basic principles observed; analytical and proof-of-concept validation completed.	MRL 1–3: Manufacturing feasibility assessed; basic production risks identified.	 The Idea Phase: Usually funded by academic grants or early commercial seed money.
 Development	TRL 4–5: Component or breadboard validation in a laboratory or relevant environment.	MRL 4–5: Production components fabricated in a laboratory environment; cost drivers identified.	 The Prototype: Tech works in a controlled setting. Equivalent to a commercial Alpha/Beta.
 The Valley of Death	TRL 6–7: Prototype system verified in an operational environment (e.g., field-tested or flown) [1].	MRL 6–7: Production processes demonstrated in a relevant environment; draft supply chain established.	 The Intercept: This is where dual-use forums focus. Moving from an innovation grant to a permanent procurement contract.
 Deployment	TRL 8–9: Actual system completed, qualified, and flight-proven through successful mission operations [1].	MRL 8–10: Full rate production demonstrated; lean production practices implemented [2].	 Program of Record: The system is fully standardized, secure, export-compliant, and mass-produced.



TRL (Technology Readiness Level) measures technical maturity.
MRL (Manufacturing Readiness Level) measures production maturity.

[1] Based on DoD Technology Readiness Assessment (TRA) guidance.

[2] Based on Defense Acquisition Manufacturing Readiness (MRL) frameworks.



Three ways to enter Defense

Supplier

Timber → structures
Food → sustainment
Software → analytics
Telecom → communications
CNC → manufacturing
Logistics → mobility

(...) Precision Machining /
Electronics / Optics /
Composites / Packaging

Dual-Use adaptation

You already have a product
You adapt it to a defense need

Examples:
Drones
Sensors
Communications
AI
Cybersecurity
Power systems

Program integration

Join the development of future capabilities

European Defense Fund &
DIANA
Multinational R&D Consortia

Enter ecosystems before
procurement begins

The goal isn't to become a defense company. It is to become defense-relevant. That is an important distinction.

You may already be more relevant than you think !



EDF 2024 – AURIGA PROGRAM

Next Generation Armoured Infantry Fighting Vehicle Technologies



AURIGA

ARMoured CAPABILITY
FOR EUROPE

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OBJECTIVE

Develop and demonstrate next-generation technologies for future armoured infantry fighting vehicles.



CONSORTIUM

46 partners

18 EU countries

Including industry, SMEs, research organisations and Ministries of Defence



DURATION

2024 – 2028



EU FUNDING

€ 25 million

(European Defence Fund)

WHO WE ARE

46

PARTNERS

18

EU COUNTRIES



INDUSTRY

Large companies & mid-caps



SMEs

Agile innovators & specialists



RESEARCH ORGANISATIONS

Universities & technology centres



MINISTRIES OF DEFENCE

End-user perspective

WHAT WE DEVELOP



Enhanced Protection



Superior Mobility



Advanced Situational Awareness



Networked Communications



Hybrid Power & Energy Management



Modular & Interoperable Architecture

WHERE LATVIAN COMPANIES CAN CONTRIBUTE



COMMUNICATIONS

Secure comms, data links, networking solutions



SENSORS & OPTICS

Imaging, thermal, LIDAR, situational awareness technologies



SOFTWARE & AI

AI algorithms, data fusion, mission systems, simulation



ENERGY SYSTEMS

Batteries, power management, hybrid & electric propulsion



MATERIALS & MANUFACTURING

Advanced materials, precision parts, prototyping, composites



TESTING & VALIDATION

Testing services, validation, certification support

WHY IT MATTERS



AURIGA shapes the future of European land combat capabilities.

- By joining early, companies help define the solutions of tomorrow and build long-term industrial relationships.

**Most
ecosystems
are networks
of networks**



JOIN EARLY. SHAPE THE CAPABILITY. BUILD LASTING CONNECTIONS. The best time to enter is before the requirements and architecture are fixed.



The Baltic opportunity window

A unique convergence of security, geography, investment, and innovation

Europe Needs
Capability

The Baltics
Need Growth

Opportunity

Industry Needs
Markets

*"If Europe wants peace, Europe
must be prepared."*
Andrius Kubilius

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