

Event Out-Brief: UKDI Demand Signals for UK Industry

Speaker: James Gavin, Deputy Director Tech Transition, UK Defence Innovation (UKDI)

Host: Team Defence Information (TDI)

Thank you for attending our recent session with James Gavin. Because the presentation slides are not available for external distribution, we have compiled a comprehensive summary of the core briefings, strategic shifts, and critical demand signals shared during the session.

1. The New UKDI & Strategic Overhaul

The UK Defence innovation ecosystem has undergone a major reorganization to eliminate fragmentation and shift away from "innovation tourism" toward **exploitation-focused innovation** with a strict focus on Return on Investment (ROI).

- **The Merger:** UKDI has been formed by centralizing the Defence and Security Accelerator (DASA), the Defence Innovation Unit (DIU), and the FCI team.
- **The Budget:** UKDI commands a ~£1 billion total annual throughput (£400 million core annual budget supplemented by circa £700 million in external funding).
- **The Structure:** Under the new Defence procurement model, the Chief of Defence Staff now has 4 main direct reports (down from ~17). All capability delivery now reports to the National Armaments Director.
- **The Philosophy:** UKDI sits deliberately outside of mass portfolio production to maintain its risk-taking capability. Its primary goal is to scale innovations that actively prove they can deliver operational benefits.

2. Procurement Evolution: The IPM Framework

The traditional Technology Readiness Level (TRL) approach is being replaced by the **Integrated Procurement Model (IPM)** (which became policy in October 2024).

- **The Pipeline:** Problem statements originate from Front Line Commands (FLCs) and Main Strategic Headquarters (MSHQ), flowing through the Planning and Portfolios team into 14 distinct portfolios.
- **The Progression:** Innovation steps look like: **Minimum Viable Products to Minimum Deployable Capability to Operational Scaling**.
- **Process Innovation:** To accelerate delivery, UKDI is successfully using agile procurement formats on the IPM canvas, such as the **3-2-1 competition format** (funding 3 companies initially, down-selecting to 2, and finally choosing 1 for production).

3. High-Priority Demand Signals & Funding Themes

UKDI has consolidated hundreds of demand signals into five main operational themes. Funding status is categorized by colour: **Green** (Confirmed), **Amber** (Exploring/Likely), and **Red** (Uncertain).

Key Takeaway: Across all themes, there is a fierce emphasis on **UK job creation** and the development of **sovereign or "landed" capabilities**. Foreign investment is highly welcome, provided it directly expands the UK industrial and employment footprint.

Uncrewed Systems (Status: Green)

Autonomy represents approximately half of UKDI's total funding allocation.

- **Uncrewed Surface Vessels (USVs):** Scopes range from large 50–80 meter vessels down to small coastal squadrons. Notably, Project Beehive was awarded to Kraken for one-way attack boats. Subsystem bids (radars, missiles, interceptor drones) will be continuously pushed to UK industry.
- **Uncrewed Submarines:** Multiple underwater programs are already fully funded.
- **VTOL Platforms:** The Proteus contract has been officially signed with Leonardo.
- **Project NYX:** A £100 million, two-year uncrewed program with a potential £200 million scale-up phase. Currently, 4 companies are funded through design, with an upcoming down-select to 1–2 for physical demonstration.

Decision Advantage & Digital Capabilities

- **Digital Targeting Web (DTW):** Allocated a £10 million budget for the current financial year. This serves as the multi-domain targeting successor to MDIS.
- **Defence AI Centre:** £20 million in funding is locked in and confirmed.
- **Quantum Accelerator (Status: Moving Amber to Green):** Focused closely on underwater battlespace protection for Critical National Infrastructure (CNI).
- **Space Programs (Status: Moved Red to Amber):** Lifted in priority following recent strategic command engagement.

Effects and Weapons Systems

- **Medium Range Precision Strike (Status: Green):** Confirmed funding to plug a recognized gapped capability.
- **Air-Launched Effects:** Focus on interceptor drones and loitering munitions deployed via helicopters.
- **Ground-Based Air Defence (GBAD):** Deeply linked to the broader GBAD program, with a heavy emphasis on low-cost interceptor drones.
- **Counter-USV & USSV:** Funding is confirmed, with live competitions underway.
- *Note: While close/medium-range effects are well-funded, ultra-long-range effects remain uncertain (Red).*

4. Industry Engagement & Gateway Access Points

To participate in these portfolios, industry partners must ensure their innovations have a **clear exploitation pathway**. Vendors are encouraged to utilize the following frameworks and contact points to engage:

Regional & General Inquiries

- **UKDI Website:** Regularly updated with structural developments and engagement entry points.
 - [UK Defence Innovation Home Page](#)
- **Regional Engagement:** Find your regional Point of Contact (POC) and fill out an enquiry form directly via the UKDI website.
- **Regional Defence and Security Clusters (RDSCs):** A major push is underway for northern England expansion. Vendors are highly encouraged to sign up for their local RDSC's dedicated digital platforms.

Defence Trade Bodies

For broader industry alignment, ensure your organization is plugged into the four primary MOD-associated trade bodies:

- **TechUK | MakeUK Defence | TDI (Team Defence Information) | ADS**

Specialized Support & Innovation Labs

- **Venture Builder (Business Support):** For dedicated business scaling support via Dstl, contact: DASABG&F@dstl.gov.uk
- **Futures Lab:** Designed to build representative supply chains for highly complex problem sets. Reach out via: FslabProcurement@qinetiq.com or DESFCG-FuturesLab@mod.gov.uk
- **Commercial X:** Highly recommended to utilize this vendor-neutral marketplace to showcase emerging solutions.

Active Procurement & Competitions

- **Defence Sourcing Portal (DSP):** The primary platform to monitor for overt tenders, live competitions, and formal notices.
- **Digital Targeting Web (DTW):** To get on the distribution list for the DTW Challenge Book 2026, contact the team directly at: UKStratCom-ICED-DTW@mod.gov.uk