# European defence startups attract tech talent as Ukraine war accelerates AI innovation



As geopolitical tensions mount across Europe, particularly in light of the war in Ukraine, a shift is occurring within the continent’s tech landscape. European defence startups are increasingly attracting tech talent that might once have sought opportunities in the United States. Many individuals are returning to Europe from abroad, motivated by a unique blend of patriotism, professional ambition, and the chance to engage with groundbreaking innovations in artificial intelligence (AI).

The ongoing conflict has acted as a catalyst for this shift. Engineers, venture capitalists, and defence company leaders emphasize that the current political climate—marked by the perceived retreat of the US from its post-World War Two role as Europe’s security guarantor—has fostered a renewed focus on working within the continent’s defence sector. Loïc Mougeolle, CEO of Paris-based Comand AI, articulated this sentiment, stating that many new recruits are driven not solely by financial incentives but by the desire to play a significant role in "rebuilding Europe" and reshaping its future.

The military implications of AI have never been more pressing. Recent initiatives highlight the shift towards modern warfare technologies that have proven effective on the battlefield. For instance, European Commission President Ursula von der Leyen underscored the need for investment in innovative warfare systems to ensure military preparedness. The rapid evolution of unmanned systems and drones throughout the Ukraine conflict has starkly illustrated their strategic advantage in modern combat scenarios, further encouraging investment in agile startups that can adapt quickly to changing operational needs.

Funding in this sector is seeing unprecedented growth. The financial landscape has shifted dramatically since Russia’s invasion in February 2022, with European venture capital pouring $626 million into defence startups in 2024—up from a mere $62 million two years prior. This surge reflects a growing recognition of the capabilities offered by smaller, innovative firms that are outpacing traditional defence contractors in terms of agility and integration of digital technologies.

For these startups, competitive salaries remain a challenging factor. While larger companies in the US offer significantly higher compensation packages—such as Palantir's reported $270,000 for AI engineers compared to $150,000 at European firms—many are still finding ways to attract talent through the promise of "mission-driven" work. This appeal resonates particularly with younger professionals, as evidenced by the experiences of students and recent graduates who are increasingly considering opportunities in defence over more traditional tech roles.

Notably, the Ukraine conflict has altered perceptions of the defence industry, encouraging a new wave of engineers to enter this space. The stigma historically associated with defence work is fading, as individuals like Stelios Koroneos, the founder of a Greek defence startup, highlight the necessity of security in preserving freedom. The narrative of defending democracy is becoming a powerful motivating force for a demographic keen on impactful work, as seen in the case of British university student Michael Rowley, who recently opted for a role developing technology for tracking troop movements rather than pursuing opportunities in accounting or other sectors.

Challenges remain, particularly as companies like TAF Drones, which has achieved remarkable productivity in drone manufacturing, navigate supply chain disruptions and geopolitical pressures. Nonetheless, the rapid pace of innovation in this sector is indicative of a broader trend where Europe is positioning itself as a strategic hub for military technology. The emergence of collaborative networks, like the European Defense Tech Hub, seeks to bolster this momentum, facilitating connections among tech founders, investors, and policymakers, thereby harnessing the collective expertise of the continent.

This ongoing transformation reflects a significant paradigm shift in European defence—one that not only promises enhanced military capabilities but could also reshape Europe's role in global security dynamics. As countries like Germany pledge to increase defence spending substantially, the potential for further investment in AI-driven technologies remains immense, offering a compelling landscape for both talent and innovation in the years to come.

### Reference Map

1. All core themes regarding the shift of tech talent towards European defence startups and the influence of the Ukraine conflict.
2. Discussion on the necessity of modern warfare technologies highlighted by Ursula von der Leyen.
3. Insights on Ukraine's drone warfare efforts and production challenges.
4. Emphasis on the evolving defence technologies and the agility of startups compared to traditional corporations.
5. Information on Helsing's plans for autonomous underwater drones and their capabilities.
6. Overview of Palantir's involvement in supporting Ukraine through AI technologies.
7. The role of private equity and venture capital in supporting European defence initiatives and funding growth.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.gulf-times.com/article/704687/opinion/how-are-europes-defence-startups-luring-ai-talent> - Please view link - unable to able to access data
2. <https://www.ft.com/content/38feb53c-4dea-4fbe-a325-13516cafde37> - European Commission President Ursula von der Leyen emphasized the necessity for Europe to invest in modern, innovative warfare technologies to avoid war. The Ukraine conflict has highlighted the dominance of unmanned systems, particularly drones, electronic warfare, and AI in military operations. Drones have proven cost-effective and strategically advantageous, aiding Ukraine in countering a larger Russian force. To capitalize on such technologies, European defense spending should shift from traditional contractors to agile startups and a robust innovation ecosystem, emulating Ukraine's rapid technological adaptations and flexible command structures.
3. <https://www.ft.com/content/37ba3336-8df1-4a4c-b1c6-bd29309f8185> - Oleksandr Yakovenko, CEO of TAF Drones, is leading Ukraine's innovative drone warfare efforts against Russia. Since Russia's invasion in 2022, Ukraine's battlefield has increasingly relied on drones, shifting from conventional artillery to high-tech tactics. TAF Drones, founded in 2022, produced 350,000 drones in 2024 and aims to double that output this year. However, challenges include Russian countermeasures, disrupted supply chains due to Chinese export restrictions, and intensified trade tensions between the U.S. and China. While Ukraine leads in drone innovation, Russia is rapidly catching up and is more efficient in production.
4. <https://www.ft.com/content/74ffd683-17a9-4b68-87f8-7e753132c055> - The FT Tech Tonic podcast episode 'Future Weapons – Tomorrow's Technology' explores evolving defense technologies and their geopolitical implications. Host John Thornhill and a panel of FT journalists examine how modern conflicts, especially the war in Ukraine, are spurring innovations in defense, with significant increases in investments in drones, robotics, sensors, AI, and laser weapons. Compared to traditional defense corporations ('primes'), new start-ups like Anduril and Palantir are advancing rapidly, often outperforming incumbents in agility and digital integration. China emerges as a key player, leveraging its vast industrial base and dominance in crucial raw materials to develop advanced capabilities like hypersonic missiles, drones, and pursuing AI and quantum technologies.
5. <https://www.ft.com/content/139037c1-23c9-467a-9656-ea6a20128339> - German defense technology start-up Helsing has announced plans to launch a fleet of autonomous underwater drones aimed at enhancing naval surveillance amidst escalating threats to marine infrastructure. The SG-1 Fathom mini submersibles, equipped with Helsing’s advanced artificial intelligence system Lura, will be capable of patrolling underwater for up to three months. Lura is designed to detect and classify acoustic signatures from ships and submarines up to 40 times faster and at 10 times lower volume than current AI models. The system allows a single operator to manage hundreds of units at a fraction of the cost of traditional crewed patrols.
6. <https://time.com/6691662/ai-ukraine-war-palantir/> - Early in the Ukraine-Russia conflict, Alex Karp, CEO of Palantir Technologies, met with Ukrainian President Volodymyr Zelensky to offer support through Palantir's AI and data products. Palantir, alongside tech giants like Microsoft, Google, and Amazon, has since become integral to Ukraine's defense and innovation sectors. Palantir’s software aids Ukraine in everything from military targeting to demining and war crimes investigations. Companies like Clearview AI contribute advanced tools for identification and surveillance. Ukraine has strategically leveraged its war situation to position itself as a global tech R&D hub, attracting significant investments and collaborations, while also gaining advancements that could have wide-reaching implications for warfare technology.
7. <https://www.ft.com/content/a414486d-ed45-4eac-b6c4-f966b2e12714> - Private equity and venture capital firms are increasingly positioning themselves to support Europe's rearmament efforts in the wake of Russia's invasion of Ukraine. Despite governments committing billions to defense and technological advancements, a significant funding gap remains. Private investors believe they can bridge this gap by injecting capital into defense-related start-ups and aiding established companies in expanding production capacity. Notably, Tikehau Capital and other firms have launched dedicated funds targeting dual-use technologies. The sector has seen growth, with VC investments rising to $5.2 billion in 2024, and overall aerospace and defense deal values reaching $36.8 billion, up 37% from the previous year. Historically dominated by large buyout firms, private capital's role has expanded with the geopolitical climate and shifting attitudes toward defense investment.