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How to Cross the Valley of Death in Deep Tech

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 **Technology
Briefing Center**

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Executive Summary

Across deep tech startups, we see the same patterns repeating. Five factors consistently compound to make or break success. Based on these, we offer the following recommendations to improve your odds:

1. Assemble the right founding team.

Combine deep technical expertise with industry experience and battle scars from having built and scaled in your space, optimally in your exact niche. This trio is critical.

2. Stage-gate your development.

Don't rush into building an industrial facility before you've proven you can manufacture reliably at scale. This burns investor confidence and unnecessary cash because it doesn't work.

3. Focus. Focus. Focus.

Nail one use case with absolute clarity before branching into new products, markets, or vertical integration. Premature expansion dilutes the focus of your team, burns cash, and kills momentum.

4. Don't rely solely on equity.

Grants and venture debt are your allies. They reduce dilution and help you avoid the equity-financing trap we've seen sink many promising startups through uncontrolled burn.

5. Find strategic partners.

The right partners can validate your tech, secure demand, open up supply chains, and contribute manufacturing know-how. This often makes the difference between surviving and scaling.

These pointers help, but the odds of success remain uncomfortable. If you are building a deep tech startup, [please get in touch](#).



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The Valley of Death: Where Europe's most promising deep tech startups stall

Deep tech is a sector where, through scientific or engineering breakthroughs, first-of-its-kind products are being built. Europe has world-class research institutions, six of the global top-20 universities, nine of the top-25 institutes, and hubs such as London, Paris, Munich, and Oxbridge. In 2024, €15 billion went into European deep tech startups, making it just over a quarter of all VC funding in Europe. Segments surging fastest include novel AI, future of compute, novel energy, space tech, robotics, and computational biology/chemistry.

Over 25% of VC Funding in Europe in 2024 Went Into Deep Tech

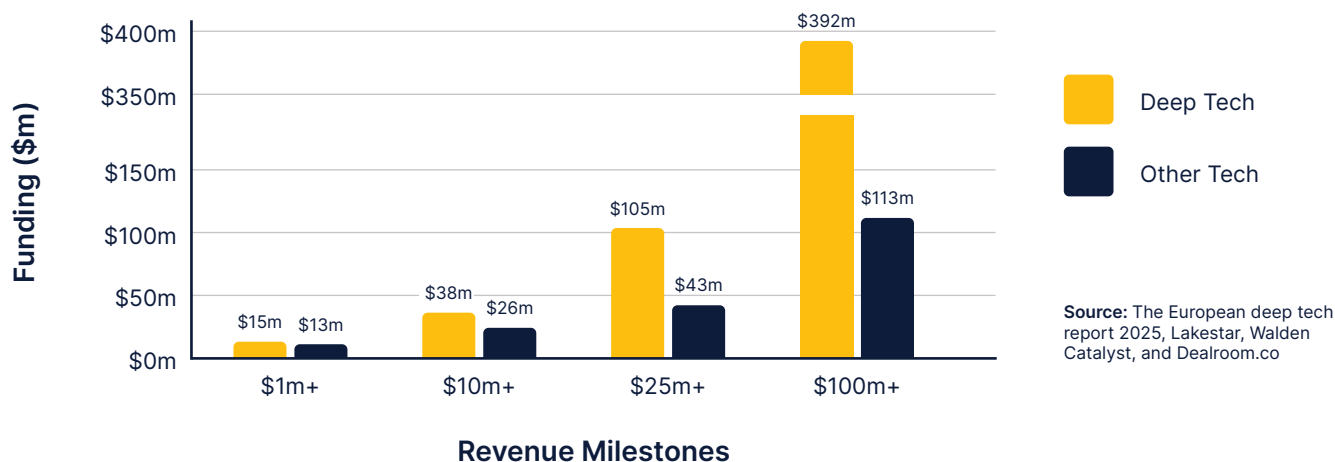


Source: The European deep tech report 2025, Lakestar, Walden Catalyst, and Dealroom.co

Let's review the key highlights of the deep tech sector in Europe. Against expectations, deep tech failure rates match regular tech (~5% of seed firms make it to Series C in either category). Exit timelines even slightly outperform regular tech. Only 33% of successful deep tech startups take longer than 10 years to exit, compared to 40% of regular tech startups. Furthermore, deep tech funds have historically outperformed on net IRR (averaging 16% vs. 10% in traditional tech funds). This makes deep tech an attractive sector for investment. However, deep tech startups raise bigger early rounds and require significantly more mid-stage capital for CAPEX-heavy infrastructure to start hitting revenue milestones. They also need more time to hit those milestones. This is the key factor that sets deep tech apart from regular tech.

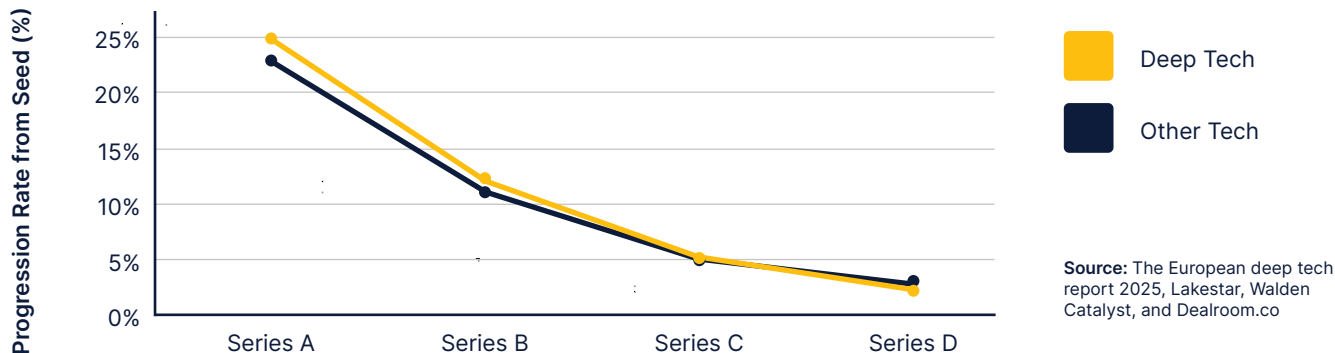


Deep Tech Startups Need More Capital to Hit Revenue Milestone



Unlike software ventures, which can often scale with modest funding, deep tech startups require up to three and a half times the capital that regular tech startups need to hit the same revenue milestones. This is reflective of expensive infrastructure, lengthy development timelines, and regulatory hurdles involved in building hardware, novel materials, and first-of-a-kind (FOAK) systems and facilities.

Only a Fraction of Deep Tech Startups Make it to Series D



Yet despite this investment, very few survive. Only 12% of deep tech startups make it from Seed to Series B, and only around 2.5% progress to Series D. This journey from Seed to Series B and beyond typically occurs between Technology Readiness Levels (TRL) 4 and 7, where companies transition from lab-scale prototypes to real-world pilots and full-scale demonstration plants. This zone is known as the “valley of death”. Capital needs spike in this phase, but few European VCs are set up to back such capital-intensive, long-horizon bets. As a result, many promising companies stall or fold. Surviving this phase demands more than just a good product; it requires co-founders with battle scars in their domain, a master plan to hit milestones, relentless focus on your first product, diverse funding strategies, and great strategic partners. At Angel Invest, we have seen this play out many times and have learned a few things along the way.



We discovered 5 factors that make or break a Deep Tech Startup in the Valley of Death.

We have spoken with dozens of startups, scale-ups, venture capitalists, venture debt providers, and researchers to figure out what determines whether deep tech startups make it through the “Valley of Death”. There is a pattern. **We consistently observed five factors that predict success:**



Deep Scientific Leadership & Manufacturing Know-How in the Team



Stage-Gate Development vs. Moonshot



Single Product Focus



Diverse Non-Dilutive Funding Source



Strategic Partners and Investors

This whitepaper outlines the factors we look for in deep tech founding teams and shares advice and resources for co-founders in this space. While we recognize that key success factors vary by sector, for example, navigating complex regulatory approval being crucial in MedTech, where timelines and trial compliance can make or break a startup, or in battery manufacturing where know-how in manufacturing processes and automation is key, this core set of patterns is consistent across verticals in deep tech startups to help them make it through the valley of death.



1. Technical co-founders with deep scientific knowledge & manufacturing know-how are critical to have on the team.

This is old news in the VC world, but technical ability and industry experience in co-founders and leadership are ever more make-or-break in deep tech startups than they already are in any other ventures. Verticals like battery tech require deep domain expertise, from electrochemistry to manufacturing process design. Pilot lines and process control matter as much as chemistry. Lab-stage cells may work on paper, but they can be challenging to manufacture reliably and at scale. These are many hurdles. In this case, a founding team with deep domain expertise in battery manufacturing and scaling is critical.

The same is true in synthetic biology, where engineered cell lines that express high yields in shake flasks often falter at industrial scale. Once bioreactors enter the picture, issues like oxygen transfer, contamination risks, media costs, and inconsistent expression can quickly derail a process. Co-founders who've scaled bioprocesses before design with these variables in mind from day one.

And it's just as true for hydrogen technologies, where an electrolyser stack that posts record efficiency on a benchtop can stall at megawatt scale when gasket creep, catalyst poisoning, and balance-of-plant plumbing drive maintenance costs through the roof. Teams that have commissioned large-format stacks and navigated hydrogen-safety codes already know the hidden cost drivers and design around them early.

The pattern is the same across batteries, synthetic biology, and hydrogen: without co-founders who are at the cutting edge of science and carry at-scale engineering scars, the leap from prototype to profitable production is unlikely to happen successfully. Also, technically strong co-founders attract further talent in their space. A-players want to play with A-players, so the effect of technically strong co-founders multiplies.

We outline a few case studies to showcase how this plays out in European deep tech startups (and we won't mention the cautionary tale of Theranos, as we all know what happened there).



Exemplary Case Studies

BIONTECH

BioNTech

(Germany, Vaccines)

BioNTech was founded by Dr. Uğur Şahin and Dr. Özlem Türeci, a husband-wife team of physician-scientists with decades of immunology and mRNA research experience. Their deep scientific leadership kept BioNTech at the cutting edge of mRNA technology well before it was proven. Initially, they actually published pioneering work on mRNA vaccines for cancer, not COVID. When COVID-19 came, BioNTech rapidly designed a vaccine that many of us received in 2021 because the co-founders understood the science at a

granular level (Şahin even personally worked on vaccine design and trials). They also attracted fellow top scientists (like Katalin Karikó, mRNA pioneer) to the team. This technical excellence led to the successful COVID vaccine co-developed with Pfizer, and now the company is leveraging that platform into cancer vaccines. In short, BioNTech's deep scientific leadership – its co-founders literally co-authored the breakthroughs – has been the cornerstone of its success in a complex, high-stakes deep tech field.



Verkor

(France, Li-Ion Batteries)

Verkor's leadership is a textbook illustration of how important technical scar tissue is. Co-founder and CEO Benoît Lemaignan is an aerospace engineer who previously led biomethane startup Waga Energy from concept to commercial plants, providing him with the experience in permitting, EPC contracts, and utility-grade ramp-up that most slide decks gloss over. CTO Christophe Mille spent six years at Tesla, where he helped build the original Gigafactory cell lines, then moved to BMW to tackle next-gen module engineering, experience that means he has already tripped

over (and fixed) the yield, automation, and thermal surprises that ambush first-time battery co-founders. Chief Innovation and Sustainability Officer Gilles Moreau is a seasoned electrochemistry expert who has led lithium-ion R&D at the French CEA, co-founded a stationary storage venture, and now drives Verkor's low-carbon process roadmap. Collectively, they bring a rare blend of energy-infrastructure scale-up and gigafactory production know-how, exactly the kind of founder stack that separates projects that ship from those that stall.



Cautionary Case Studies

BRITISHVOLT®

Britishvolt

(UK, Li-ion Batteries)

Launched in 2019 with bold plans for a £3.8bn “gigafactory” in Blyth, Britishvolt never fielded a leadership bench that had actually ever shipped cells. The founding team came from finance and commodity-trading backgrounds, so when pilot-line hiccups surfaced and no Tier-1 automaker would lock in volume orders, the company ran out of cash in under four years. [Administrators cited](#) “a lack of battery experience, proven technology, customers, and cash” as the decisive failure points, and the project collapsed into administration in January 2023, leaving the half-built factory a monument to wishful thinking.

northvolt®

Northvolt

(Sweden, Li-ion Batteries)

Northvolt raised more than \$15 billion and signed headline supply deals, but the team underestimated the jump from an R&D lab and pilot facility that never sufficiently validated its manufacturing processes to 60 GWh a year. Experienced supply-chain managers led the company, not cell-chemistry and process-control experts. Yield hovered at a fraction of the plan, BMW cancelled its multi-billion-euro contracts, and investors lost confidence. By March 2025, Northvolt filed for bankruptcy in Sweden with only \$30m in cash and \$5.8bn in debt.



2. Stage-gate the development and manufacturing of your product. Don't try to land a moonshot and immediately scale up production.

Startups that iterate through stage-gates (lab > pilot > small industrial plant > bigger industrial plant > large-scale factory) are more successful than those skipping steps ahead to the big scale-up. Moonshots underestimate time, capital, and technical risk, burning out before reaching sustainable scale. Validating technology and, as importantly, manufacturing processes is critical on the journey to scaling successfully. This helps control burn and identify failure points early.

At Angel Invest, we like to see these milestones laid out in a clear master plan to manage investor expectations, tie funding rounds to specific operational achievements, and maintain alignment over long development cycles. This makes a deep tech pitch more fundable and a deep tech startup more likely to succeed.



Stage-Gating How to do it

Tie funding rounds to validated technical milestones

Iterative build: lab → pilot → demo → industrial

Under-promise, over-deliver to retain trust of investors and customers



Moonshot What not to do

Raise lots of capital for industrial plants before derisking manufacturing success

Build factories before proving manufacturing processes with pilot lines

Promise massive output and delivery on tight timelines



Case Study

Two battery manufacturing startups, two scaling approaches: Britishvolt vs. Verkor

The battery manufacturing industry has perhaps the clearest stage-gating potential. Build an R&D facility, make some cells, ship them to customers, and validate your chemistry. Build a pilot line, start to figure out how to produce cells consistently, and ship them to customers to validate that you can make cells at a small scale. Then build a larger-scale facility to manufacture a larger volume of cells, capitalizing on learnings from the previous stages. In recent years, we have seen many high-profile battery startups that aimed for the skies to bring European sovereignty to the battery manufacturing sector – Northvolt, Verkor, ACC & Britishvolt being the highest profile cases. Among these three, Verkor has the clearest approach to stage-gating development, and Britishvolt had the clearest approach to try to skip all validation and move to scale immediately.

The devil in stage-gating is in the details. Northvolt, for instance, on paper, also stage-gated its approach. R&D lab in 2018, and first lab cells delivered. Pilot facility “Northvolt Labs” in 2019, and first pilot cells delivered the same year. Then, in 2020, Northvolt started constructing its first gigafactory and commenced production the following year. On paper, it appears that they completed the necessary validation steps. So why did Northvolt’s gigafactory face such high scrap rates and little output? [Reports at the time](#) estimated Northvolt’s Gigafactory operating capacity at 80MWh, 1/200th of the planned capacity, due to overwhelming variability in cell quality and a high scrap rate. Why did this happen? Didn’t Northvolt validate its cell chemistry and production processes? Evidently not. The pilot

never achieved stable yields, automation bugs were carried forward, and off-take deals were signed before the process could prove itself. When the gigafactory ramped up, scrap skyrocketed, customers bailed, cash evaporated, and the company imploded due to problems that should have been identified and addressed at an earlier stage. The company scaled before it had validated its production methodology.

In sum, develop a master plan to derisk and stage-gate your development. Tie funding rounds to operational milestones, and realistically manage investor expectations.

1

2020:
Verkor founding

In 2020, Vekor is founded in France, by former energy, automotive, and battery manufacturing executives. Initially, Vekor raised around €580k from KIC InnoEnergy, Capgemini, Schneider Electric and IDEC, a French conglomerate.

In 2021, they raised \$100M in a Series A round co-led by EQT and Renault to build a pilot facility, the Vekor Innovation Centre (VIC).

2

2022:
First cells from R&D lab delivered.

In 2022, Vekor delivers first cells produced at its R&D Lab.

3

2023:
Pilot commences production.
Capital raised for gigafactory construction.

In 2023, VIC begins operations; producing high-performance lithium-ion battery cells at pilot scale.

Later that year, Vekor broke ground in Dunkirk for its first Gigafactory, raising €850M Series C equity round, a €650M grant from the French government and EU and €600M in debt from European Investment Bank (EIB) and others.

4

2024:
Pilot validated with customer ready cells.
Commenced Gigafactory construction.

In 2024, Vekor delivered the first customer-qualified battery cells produced at the VIC.

It also commenced development of the Dunkirk Gigafactory and raised an additional €1.3bn in debt to complete the Gigafactory. Vekor's gigafactory is expected to commence delivering cells this year.

1

2019:
Britishvolt founding and R&D lab established.

In 2019, Britishvolt was founded by entrepreneurs with no in-house cell-making experience – but immediately pledged a 30-35 GWh “gigafactory” to be on-line in four years.

2

2021:
Builds Gigafactory without any validation of R&D or pilot line.

In 2021, Britishvolt broke ground on the site and hired construction contractors while having raised <£200m (mostly a £50m Glencore round). No internal pilot line; sample cells outsourced to UKBIC. Cash burn soared before any customer-qualified cells existed.

3

2022:
Moonshot approach falls apart.

In 2022, construction halted because the money ran out. Government withheld further grants because milestones (private capital & pilot output) were unmet. Emergency loans kept payroll alive for five weeks; executives worked unpaid.

4

2023:
Insolvency.

In 2023, Britishvolt entered administration without ever shipping a cell. Roughly £160m owed to creditors; 300 staff laid off.



3. Focus on one product. Don't diversify your offering early on, and don't vertically integrate more than necessary.

Focus is the oxygen of a deep tech startup. If you are building a deep tech startup, you are inventing something that has never been built before. Too often, we see teams rush to add extra products, target multiple markets, or even attempt to integrate vertically, owning upstream or downstream steps that aren't yet mission-critical. This burns more cash, lengthens development cycles, and complicates the story.

We recommend choosing one tightly defined beachhead use case, as far as possible, one bill of materials, and one manufacturing flow. Concentrate every euro, engineering hour, and commercial conversation on derisking that narrow scope. Outsource non-core processes for now; resist the urge to fold them in-house until the

flagship product is shipping reliably, delighting early customers, and generating data that proves both unit economics and technical robustness.

A disciplined, single-product focus shortens iteration loops, keeps CAPEX reasonable, and lets the team improve yield and cost before scaling. Only after the hero product shows repeatable quality, contracted demand, and positive gross margins should you consider variants, new segments, or deeper vertical integration.

The cautionary tales are clear: expand too soon, whether horizontally into new products or vertically into new processes, and you set yourself up for failure. The cautionary examples below illustrate this point.



Cautionary Case Studies



Lilium

(Germany, Electric VTOL Jets)

Lilium's core challenge was already immense. But from early on, the company's ambition went far beyond engineering the aircraft itself. Alongside developing a radically complex 36-fan eVTOL jet, the company also tried to vertically integrate core technologies like jet engines and a proprietary battery pack, planned for multiple aircraft variants, its own air taxi service, a booking app, and even the construction of vertiports, attempting to own the entire stack from infrastructure to operations. This diluted focus and burned cash.

By contrast, for instance, competitor Joby Aviation focused only on certifying one aircraft model and partners for operations. Lilium's broad vision may have initially appealed to investors, but it underestimated the execution complexity, and progress suffered as a result. As of 2025, Joby has completed test flights, delivered its first aircraft to the U.S. Air Force, and remains a front-runner in the eVTOL race. Lilium, by contrast, filed for insolvency in late 2024 after failing to secure emergency financing and is now in the process of selling off its assets.



Northvolt

(Sweden, Li-ion Batteries)

Northvolt offers a textbook warning of what happens when a deep tech newcomer tries to "do it all" too early. Before its first gigafactory in Skellefteå (Northvolt Ett) had figured out how to produce battery cells at scale reliably, the company committed billions to three more gigafactories in Heide, Germany, and Quebec, Canada, as well as a Volvo joint venture in Gothenburg.

At the same time, it also pursued full vertical integration, including in-house cathode powder production, a Portuguese lithium refinery, and the Hydrovolt recycling venture (later sold to Norsk Hydro in a cash-raising fire sale).

The complexity and capital burn overwhelmed the core ramp-up: persistent yield problems led BMW to rip up a €2 billion supply contract in June 2024, and Ett's expansion subsidiary filed for bankruptcy in the fall of the same year.

By September 2024, Northvolt froze cathode production and announced 1,600 layoffs to conserve cash. The spiral ended with a full group bankruptcy in March 2025, leaving Europe's most-funded battery hopeful as a cautionary tale that focus and reliable output must precede geographic sprawl and vertical dreams.



ARRIVAL

Arrival

(UK, EV Vans)

Arrival was founded in 2015 and once symbolized Europe's bold ambitions to lead in electric commercial vehicles. Founded by former Russian minister Denis Sverdlov and initially self-funded with \$500M, Arrival promised to disrupt legacy automakers by building next-gen electric vans in compact “microfactories” close to demand centers.

The concept: decentralize production, eliminate costly logistics, and slash the €1bn capex norm of traditional vehicle plants to €100M. Investors like Hyundai, Kia, and BlackRock poured in capital, and in 2021, Arrival went public via a \$13B SPAC, the largest tech listing in UK history.

But the company became prey to its own ambition. Arrival chose to develop all vehicle components

in-house, employing over 800 engineers on that alone. This vertically integrated strategy overstretched the startup. Missed milestones mounted in 2022.

Sverdlov stepped down, layoffs followed (75%+ of staff were cut), and the company abandoned in-house manufacturing in favor of off-the-shelf parts. It also pivoted operations to the US to chase IRA subsidies. All too late. Arrival never reached meaningful revenue, and in early 2024, its UK arm entered administration while its Nasdaq parent was delisted for failing to file accounts.

Despite strong engineering, Arrival chased too many fronts at once: product, manufacturing, and geography, and lost the race before a single vehicle shipped at scale.



4. Use grants and debt as additional funding sources, not just as equity.

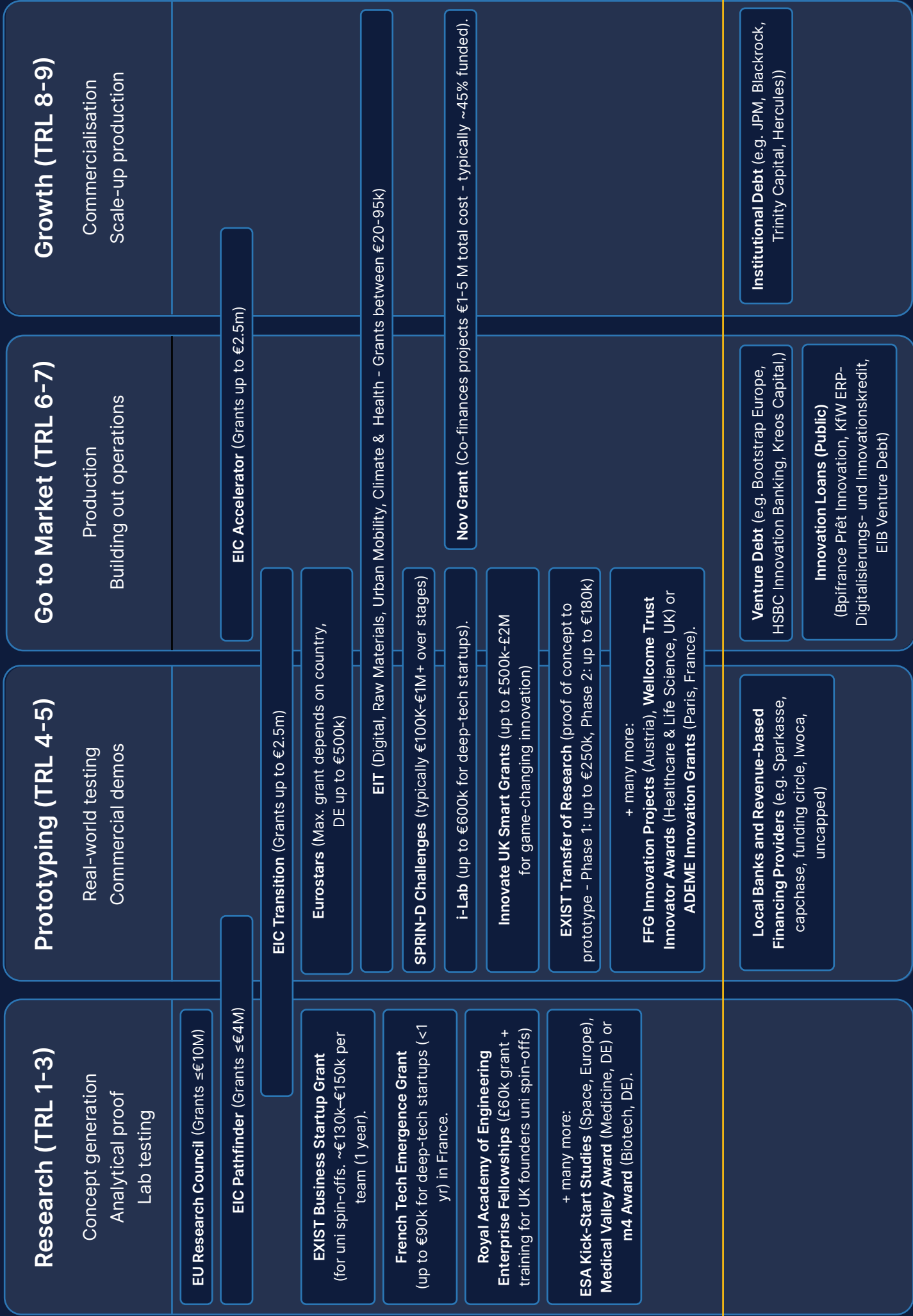
Building a deep tech startup demands years of capital-intensive development before revenue materializes. Relying heavily on equity financing can lead to the equity financing trap. The first commercial plant or pilot line can cost tens or even hundreds of millions before any meaningful revenue emerges.

Because those production assets are novel, illiquid, and often unproven, banks will not lend against them, and traditional project finance sponsors consider the sums too small. Startups, therefore, often finance almost everything with successive equity rounds. Co-founders feel pressure to pitch each round at a higher valuation by “selling the vision”, hire aggressively, and ramp spend to hit the fast-growth metrics that justify the next step-up in price. This causes this “equity-financing trap”: growth is tied to ever-larger equity raises, dilution accelerates, and cash

burn explodes even though much of the outlay is locked into hard assets that generate no short-term revenue.

To avoid this, successful co-founders strategically blend non-dilutive grants and emerging debt instruments to extend runway, de-risk key milestones, and preserve control. Europe’s TRL-based funding landscape offers early research grants to late-stage startups, allowing co-founders to fund each stage of development without immediately giving up equity, thereby buying crucial time to mature both their technology and business model.

We mapped a few funding instruments best suited to each TRL stage, helping founders navigate a smarter, capital-efficient path through the Valley of Death.





5. Find yourself strategics as partners or investors to secure demand, access supply chains, and buy in manufacturing know-how.

An offtake agreement or joint venture converts technical potential into contracted demand, instantly slashing market-risk and giving banks something to underwrite; an equity ticket from an OEM, utility, or materials major validates a startup's science, (sometimes) plugs the startup into a ready-made supply chain, and unlocks tacit manufacturing know-how that seed-stage capital simply cannot buy. Because the corporate's balance sheet is ultimately on the hook for future product performance, its due diligence doubles as a third-party technical audit, signalling quality to later VC and project finance investors and compressing the cost of capital.

The big win-win is that these partners are also first customers: their pilot lines, field trials, or co-located plants provide real-world data to iterate the product, tighten the feedback loop to get to product-market-fit, and hit the de-risking milestones that trigger follow-on funding.

In short, a well-structured strategic partnership can transform the “valley of death” from a cash-draining chasm into a sequenced on-ramp, where each milestone is back-stopped by industrial demand, operational expertise, and reputational credibility.



Case Studies

From Aerospace to Batteries to Steel, strategic investors and partners can provide credibility and know-how



Isar Aerospace (Space, Germany)

Corporate Investors (Airbus & Porsche SE)

Launch vehicle startup Isar Aerospace secured early backing from Airbus Ventures (Series A) and later a strategic equity investment from Porsche SE (Volkswagen's holding company) in 2021. These investments gave Isar not just capital but industry credibility – Airbus provided space-sector expertise and networks, while Porsche's involvement (from the automotive realm)

signaled cross-industry confidence in Isar's tech. Onboarding strategic investors, Isar de-risked the notoriously tough path of a new rocket company. Since, Isar Aerospace has raised two more equity funding rounds, in which both Airbus and Porsche participated. Isar Aerospace's first launch, the "Going Full Spectrum" mission, took place on March 30, 2025.



Northvolt (Battery, Sweden)

BMW and Volkswagen Investment & Off-take Agreement

In this department, Northvolt hit it out of the park. Auto giants BMW & Volkswagen agreed early on to cumulatively €16bn worth of off-take for Northvolt's batteries. This derisked Northvolt's market entry and sent a positive signal to other later-stage investors, such as Goldman Sachs, the European Investment Bank, and the German Federal Ministry of Economic Affairs and Climate Action.



Graphcore (AI Hardware, UK)

BMW & Microsoft Investments

AI chip startup Graphcore raised \$200 million in 2018 with strategic investments from BMW, Microsoft, Bosch, and Dell. BMW saw Graphcore's processor as useful for autonomous driving and AI in vehicles, while Microsoft was interested in its potential for cloud AI – Microsoft even previewed Graphcore's IPU on Azure. These corporate backers not only injected capital but also provided

co-development opportunities and customer channels. Microsoft's and Dell's engagement meant Graphcore's cutting-edge IPU could be tested with real workloads in the Azure cloud and integrated into Dell servers. The result: Graphcore gained industry validation and feedback early, helping it tailor its product to market needs and scale production with confidence.



Verkor (Battery, France)

Renault Strategic Partnership

In 2021, Renault took a 20% stake in Vekor and agreed to purchase 12 GWh of Vekor's cells annually from its future gigafactory. This long-term commercial partnership means Renault will be Vekor's first and biggest customer, anchoring ~75% of the factory's initial capacity. Renault's stake and know-how (it co-develops high-performance cells with Vekor) have de-risked Vekor's scale-up by ensuring both funding and a guaranteed market (Renault's premium EVs) once

production starts. Essentially, Vekor has a built-in revenue stream and feedback from a top OEM during development. This has immensely elevated the startup's credibility and helped it secure over €3bn since including a €600M loan from the European Investment Bank, €850 million equity round, €650 million in EU/France public funding and another €1.3bn loan from a consortium of banks for its factory.



Mercedes-Benz



SCANIA

Stegra (Clean Energy/Materials, Sweden)

Offtake Investments by Mercedes-Benz & Scania

Stegra (formerly known as H2 Green Steel) is building a first-of-a-kind “green steel” plant using hydrogen. To derisk this enormous venture, it brought in strategic offtake investors: Mercedes-Benz took an equity stake (the first carmaker to do so in a steel startup) in 2021, and Scania (VW’s truck unit) joined as well. In return, Stegra secured multi-year supply agreements, e.g. Mercedes committed to purchase 50k tons of green steel for its cars from 2025 onward (that’s around 2.5% of its annual steel consumption).

Mercedes-Benz stated this stake “sends an important signal to accelerate change in the steel industry” and ensure carbon-free steel supply for itself. By having its future customers financially invested, Stegra effectively pre-sold its output, guaranteeing demand. These partnerships also provided industry expertise on meeting quality specs and scaling metallurgy processes. This reduced the market risk and helped Stegra raise over €6 billion in debt and equity since, making a formerly “moonshot” idea bankable.



Risks in Having Strategics as Partners or Investors

Strategic partnerships aren't a free lunch; they introduce a layer of execution risk that co-founders need to consider.

Risk theme	What can go wrong
Incentive mismatch	Corporate venture units are often reorganised or shut down after a CEO change, leaving the startup orphaned mid-journey. In a 164-CVC study , 1/3 of units were mothballed within three years. So, if your champion inside the corporate quits, the new VP has different KPIs, and the project you based your runway on gets deprioritized.
Control rights that scare future investors	Vetoos, board seats, or "right-of-first-everything" clauses can make every follow-on round or exit a negotiation with your strategic backer first. Financial VCs read that term sheet, picture endless cap-table drama, and (sometimes) walk away.
Exclusivity lock-in	An all-markets, multi-year exclusivity clause sounds flattering, until you realise the partner buys only pilot-scale volumes while blocking you from selling to anyone else. You end up parked on their test bench while competitors race ahead.
IP leakage & competitive conflict	The partner's diligence team sees your roadmap, then their core business group quietly launches a competing project. Worse, other potential customers now treat you as a Trojan horse because "you're basically an R&D lab for our rival."
Rigid price & volume exposure	A fixed-price contract looks great when lithium is €14kg; when it spikes to €80kg, you're selling at a loss. No indexation, no reopeners, no volume flex equals a margin crusher that can sink the company before nameplate capacity is reached.
"Passenger" money	Some corporations write a check, issue a press release, and then disappear. You gave away 10 % of the company for "strategic value" that never arrives, no supply-chain help, no pilot site, a little brand halo, mostly deadweight on the cap table.

In sum, a strategic deal should be approached like any complex system. Start by clearly defining what you need, think through what could go wrong, and put safety measures in place. For instance, by allowing room to collaborate with other customers and imposing time limits on control rights, you can transform a risky dependency into the growth opportunity it is intended to be.



About the Authors



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Jonathan is a founder turned climate investor. After launching his recycling startup in India (and learning from its failure), he spent several years in Kenya working on energy and health research across Africa. He now backs early-stage climate tech startups as an investor at Angel Invest in Berlin.



Dr. Jens Lapinski

Founder & Managing Partner

Jens is one of Europe's most active angel investors, making 20 investments annually as Founding Partner & CEO of Berlin-based Angel Invest, whose 100+ portfolio companies are valued at several billion euros.

He was previously Managing Director at Techstars, launching its German fund and backing 40 startups that raised over €250m. Before that, he co-founded Forward Labs (now Forward Partners), which released monthly products using lean startup methods. The firm went public in 2021 and was acquired in 2023.

Earlier, Jens co-founded aiHit, a VC-backed automated data provider, acquired in 2015. He also served as VP of Analysis & Consulting at Library House (now Dow Jones).

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Focusing on three critical verticals—**Artificial Intelligence, FinTech, and ClimateTech**—the TBC produces independent, forward-thinking research that helps co-founders, investors, and corporate innovators make better decisions. A dedicated team of analysts monitors trends, identifies inflection points, and distills complex developments into actionable insights for the startup and venture ecosystem. Through regular publications, interactive tools, and in-depth briefings, the TBC aspires to become a trusted resource for those shaping the future of business and technology.

Visit the [TBC website](#) or [contact us via email](#) for more information.

TBC Partners

ANGEL INVEST

Angel Invest is Europe's most active Super Angel Fund, headquartered in Berlin. It invests in ambitious founding teams at the angel, pre-seed, and seed stages, offering capital and active coaching to drive product-market fit and secure external funding. With around 200 portfolio companies and over €200 million in capital, Angel Invest continues to support the next generation of category-defining companies originating from Europe.

SIGNAL IDUNA



SIGNAL IDUNA Group is a leading German insurer. With over 12 million customers, €7 billion in premium income, and +€100 billion in assets under management, SIGNAL IDUNA is a trusted name in German insurance, drawing on over 120 years of experience. The company's innovation unit, signals, shapes the future of insurance by assessing the impact of new technologies, developing new business ideas, and partnering with startups. The Technology Briefing Center and Angel Invest play key roles in these efforts.

Become a partner

The Technology Briefing Center is **open to new corporate partners** who share our ambition to stay ahead of the curve. By joining the TBC network, partners gain early access to insights, shape future research directions, and actively contribute to a growing community at the intersection of entrepreneurship, venture capital, and deep tech. We welcome forward-thinking companies to co-create the next chapter of the Technology Briefing Center.

[Contact us](#) to learn more about becoming a partner.