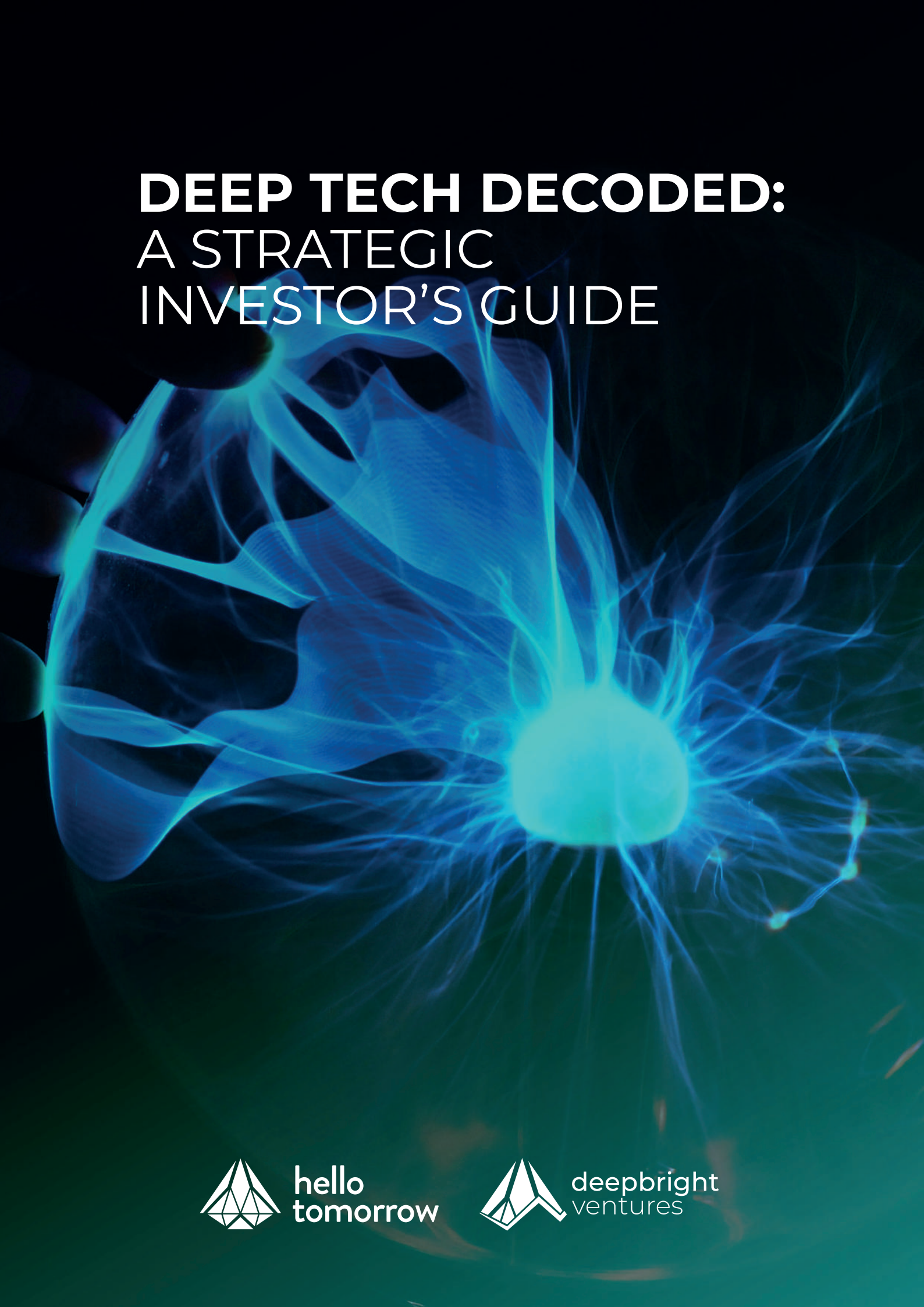
DEEP TECH DECODED:
A STRATEGIC INVESTOR'S GUIDE



hello tomorrow

deepbright ventures

INTRODUCTION

Over the last decade, we have observed deep tech becoming a leading VC asset class with more than 1,000 investors in Hello Tomorrow's network. Yet a critical gap remains: investors and analysts still lack comprehensive, deep tech-focused data to guide investment and portfolio strategies.

While traditional tech and SaaS models dominate existing reports and frameworks, they fall short in capturing the uniqueness of deep tech – such as timing, capital intensity, risk profile – which demands a specific investment approach.

To bridge this gap when advising investors and creating the VC fund Deepbright Ventures to invest in the standout startups emerging from the Hello Tomorrow Challenge, we analyzed data from thousands of startups worldwide over the last decade.

The results from this analysis are backing some common thinking with hard data, while also revealing some counterintuitive insights, for instance, the fact that in deep tech, startups that are still a few years away from the market usually create more value for investors than those already on the market.

We believe these insights will benefit both new and established funds looking to navigate and capitalize on this growing asset class.

Supporting the deep tech ecosystem has always been central to our mission, and we are excited to share these findings in the hope they will empower your next steps in deep tech investing.

ARNAUD DE LA TOUR,
co-founder of Hello Tomorrow and Deepbright Ventures



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EXECUTIVE SUMMARY

Our analysis of 862 early-stage startups across multiple domains in the deep tech space demonstrates why deep tech is far from the unpredictable 'money sink' it is often perceived to be.

This report explores in detail the financial performance of startups selected through the Hello Tomorrow Global Challenge over the last decade, examined through the lens of their sectors, regions, and product classes they are aiming to develop, allowing investors to make informed decisions about this relatively new asset class.

Our analysis reveals several notable findings regarding the performance of deep tech startups. First, deep tech is more than a passing trend; a broad analysis of 862 startups shows they achieved a gross (unrealized) IRR of 23.7% (19.6% net).

Meanwhile, the 157 finalists from the Hello Tomorrow Global Challenge reached an impressive 27.3% gross IRR (22.8% net). These figures notably exceed the closest five-year Cambridge VC benchmarks, which stand at 17.1%[1] for the US and 15.2% outside.[2]

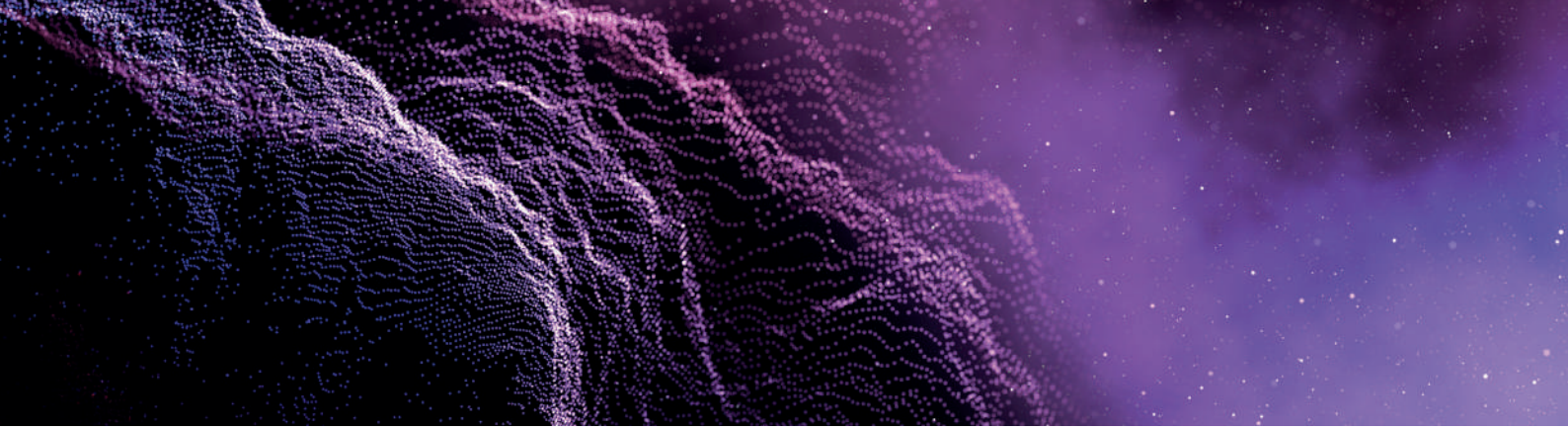
Furthermore, early-stage investments, particularly at pre-seed levels, offer the highest returns in the deep tech sector, however, growth-stage investments at valuations of $50 million or higher also display strong returns. Counterintuitively, a longer reported time to market also correlates with better performance

Our findings also challenge conventional wisdom about product types: hardware-focused startups significantly outperform their software-based counterparts, with IRRs of 27% compared to 13% for software-based businesses.

Additionally, startups holding patents tend to perform better, achieving a 25% IRR versus 20% for non-patented companies.

Furthermore, while accelerators and incubators can be impactful in the deep tech ecosystem, our data suggests that startups without such affiliations often outperform those that do. This finding thus highlights the need to refine their models to enhance their effectiveness in the deep tech era.

1. Cambridge Associates (2024), *US VC Benchmarks*
2. Cambridge Associates (2024), *Ex US VC Benchmarks*



OUR DATASET AND METHODOLOGY

DEFINING DEEP TECH

Deep tech encompasses ventures based on radical scientific and engineering advancements that address large-scale challenges.

Relative to their "traditional tech" counterparts – companies that primarily apply existing technologies rather than developing new ones – deep tech ventures show distinct characteristics that require a specialized investment approach:

- **Longer time to market:**[3]

Deep tech companies typically have longer times to market but achieve exits or unicorn status in comparable timeframes.[4]

- **Higher barriers to entry:**

These ventures benefit from intellectual (IP) protections, including patents, trade secrets, and lead time advantages.

- **Higher initial capital intensity, but lower after 5-6 years on average:**

While traditional tech firms require sustained funding to fend off increasing competition, deep tech's IP barriers enable more sustainable and profitable growth[5].

- **Different risk profile:**

While their overall risk is comparable to that of traditional tech companies, the nature of the risk differs, with higher technology risk, similar or lower market risk, and reduced competition risk.

A DATASET OF 862 DEEP TECH PIONEERS SELECTED BY HELLO TOMORROW OVER THE LAST DECADE

The dataset includes 862 startups, vetted and designated as Deep Tech Pioneers by Hello Tomorrow over the last decade, that raised a minimum of $500,000 following their selection.

We included only companies that raised funds before 2022, as we believe that a minimum of two years after the first investment round following selection is necessary to analyze their track record.

3. BCG & Hello Tomorrow (2017), *From Tech to Deep Tech*
4. McKinsey (2024), *European Deep Tech – Opportunities and Discoveries*
5. BCG & Hello Tomorrow (2021), *The Deep Tech Investment Paradox: a call to redesign the investor mode*

THE HELLO TOMORROW CHALLENGE SELECTION PROCESS

~ 5,000 APPLICATIONS/YEAR	ONLINE EVALUATION	DEEP TECH PIONEERS
Startups are applying to access equity-free funding, global visibility, and connections with best investors and corporates worldwide	Online evaluation platform involving ~ 200 experts 4 criteria: ▪ Team ▪ Market & business model ▪ Technology ▪ Impact	**25%** Healthcare **21%** Energy & Environment **13%** Industrial Biotech & New Materials **13%** Manufacturing & Construction **12%** Food & Agriculture **12%** Advanced Computing & Electronics **5%** Mobility & Aerospace UNITED STATES, FRANCE, UNITED KINGDOM, GERMANY, ISRAEL, NETHERLANDS, INDIA, TURKEY, SWEDEN, BRAZIL, SWITZERLAND, JAPAN, CANADA, ITALY, SPAIN

When applying to the Hello Tomorrow Challenge, the entrepreneurs themselves provided data about markets, product types, technologies, patents, and other relevant factors.

The multiple on invested capital (MOIC) and internal rate of return (IRR) shown in the report represent unrealized returns, calculated as if companies that have not exited were to exit in 2024 at the valuation from their latest equity financing event.

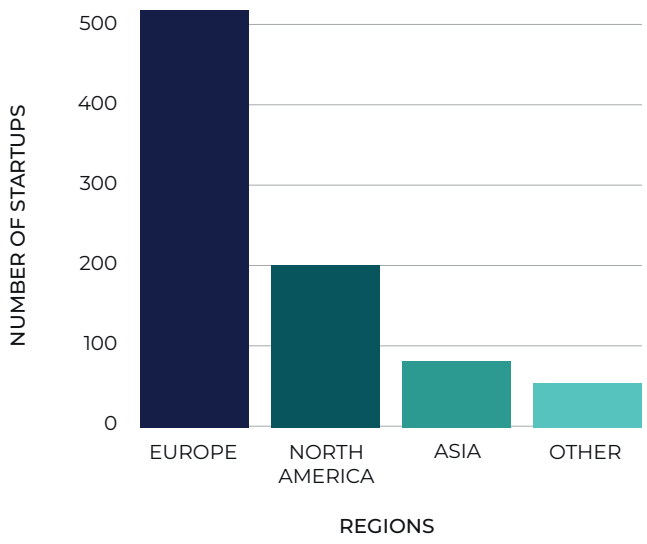
Those valuations are sourced from investor and startup databases (Dealroom, Crunchbase, and others) and have been manually verified for the best-performing companies.[6]

Unless otherwise stated, the IRRs mentioned in this report are gross IRRs, as fee structures vary between funds.

For net IRRs, we considered a fee structure of 2% management fees per year and a carried interest of 20% with an 8% hurdle rate.

To assess potential biases in our dataset, we provide an overview of geographical and industry representation below.

Figure 1: Regional distribution of the 862 startups considered for this analysis



6. When it was not available, startup valuations were calculated using the average ratio of valuation/amount raised based on deals where it was available

Figure 2: Industry distribution of the 862 startups considered for this analysis

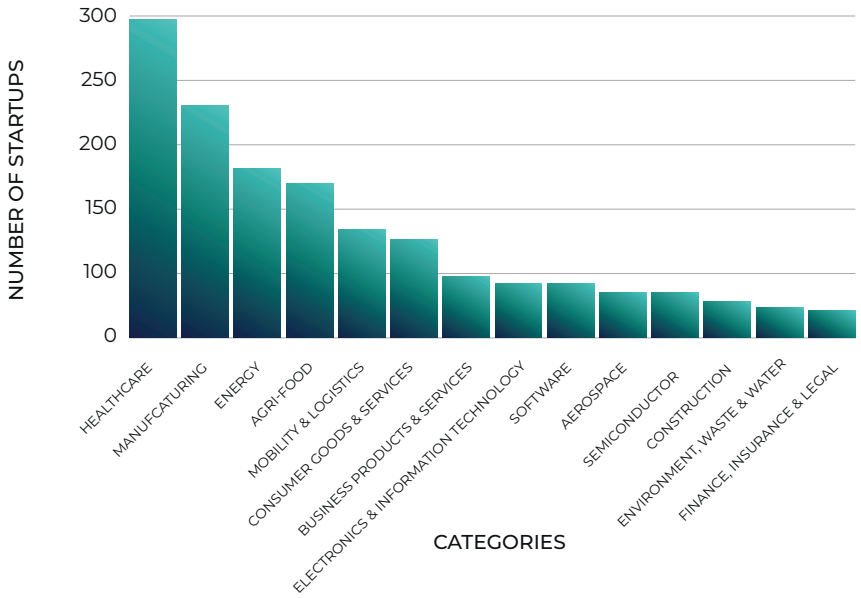
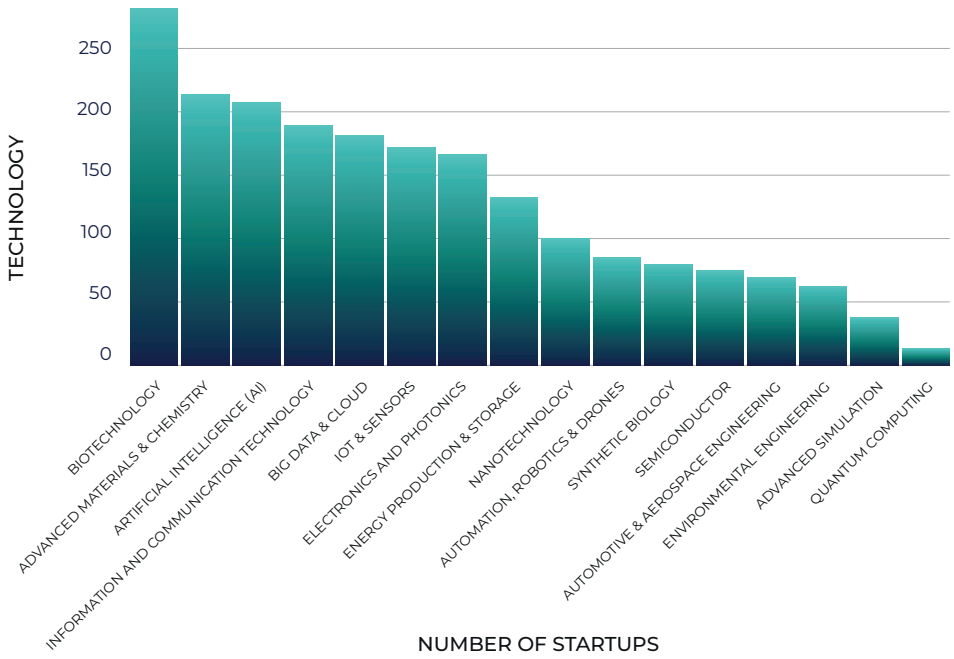


Figure 3: Technology distribution of the 862 startups considered for this analysis



EXITS AND LIQUIDITY

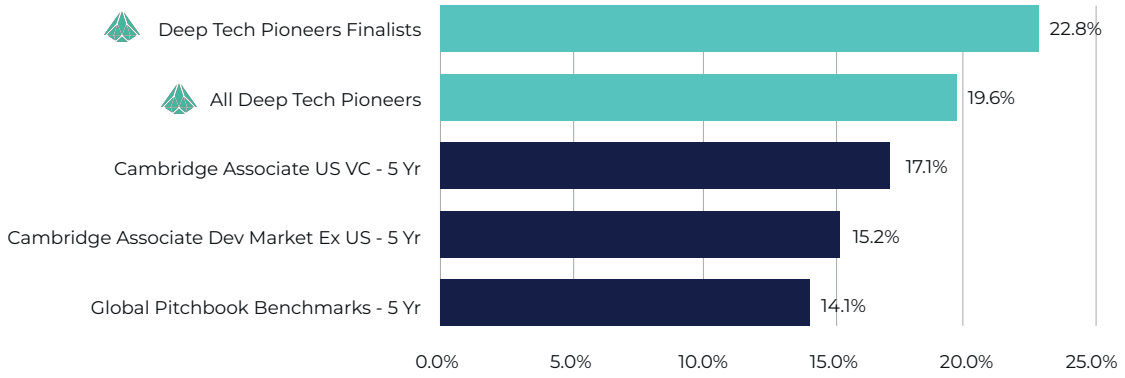
The analyzed investments from 2016 to 2022 do not permit to draw conclusions concerning exits which usually take more time in venture capital. The only existing study on this topic shows that the time to exit in deep tech is the same as in the rest of the VC asset class.[7]

7. Ibid., 4

DEEP TECH AS AN ASSET CLASS

Contrary to the common perception that deep tech requires excessive time and capital, making it unsuitable for the VC model, our analysis demonstrates that deep tech startups deliver competitive returns, surpassing on average those in traditional tech venture capital (Figure 4). To capitalize on this opportunity, investors will need to adapt to this paradigm shift.

Figure 4: Net IRR comparison with benchmarks



Overall Performance:
Among all 862 Deep Tech Pioneers analyzed, the unrealized return is a gross IRR of 23.7% (net IRR of 19.6%). These IRRs outpace standard venture capital performance, where Cambridge VC benchmarks hover at 17.1% over a five-year horizon. This advantage aligns with similar conclusions from previous reports highlighting the performance of deep tech as an asset class.[8]

Hello Tomorrow Finalists:
A more selective cohort of 157 finalists from the Hello Tomorrow Challenge who passed stringent evaluation criteria performed even better, with a gross IRR of 27.3% (net IRR of 22.8%).

About half of the top 100 listed companies in the world are deep tech companies, which is another piece of evidence. All investors who require portfolio diversification and optimal risk management, particularly pension funds, and who are not investing enough in deep tech yet are exposing their portfolio to underperformance, increased risks and lower resilience.

JEAN SCHMITT, Managing Partner at Jolt Capital

8. BCG (2023), *An Investor's Guide to Deep Tech*

Return distribution:

As expected, the returns distribution follows a power law (Figure 5), meaning that the vast majority of the performance comes from a small number of companies.

In our dataset, 80% of the profit generated for investors comes from 9% of the companies.

To help investors evaluate the volatility of different portfolio strategies, we modeled what would be the 95% confidence interval of the MOIC according to the portfolio size (Figure 6).

Figure 5:

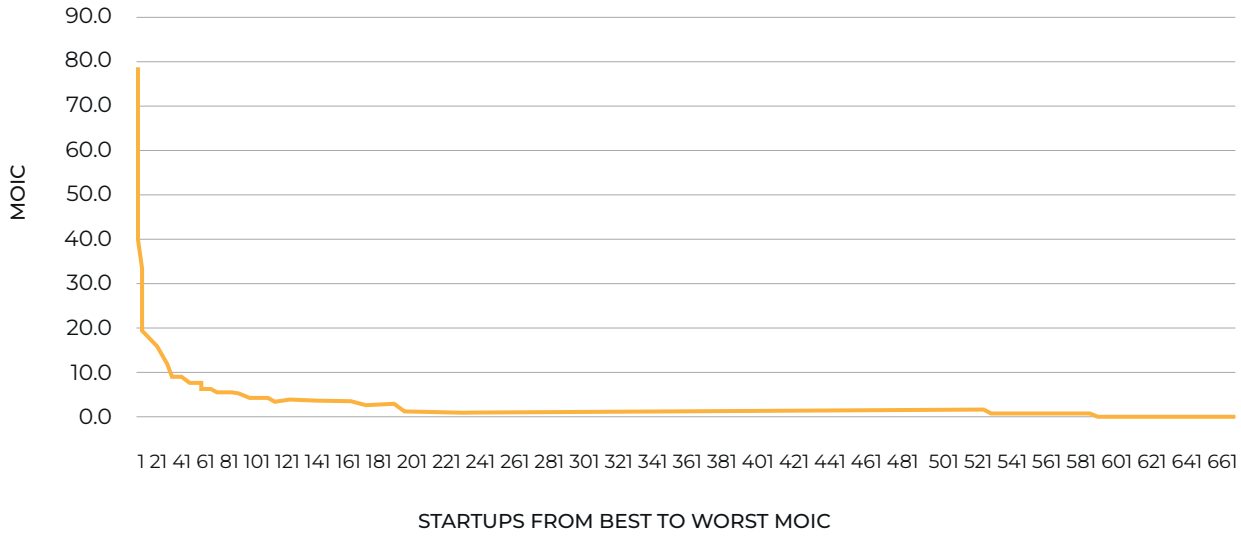
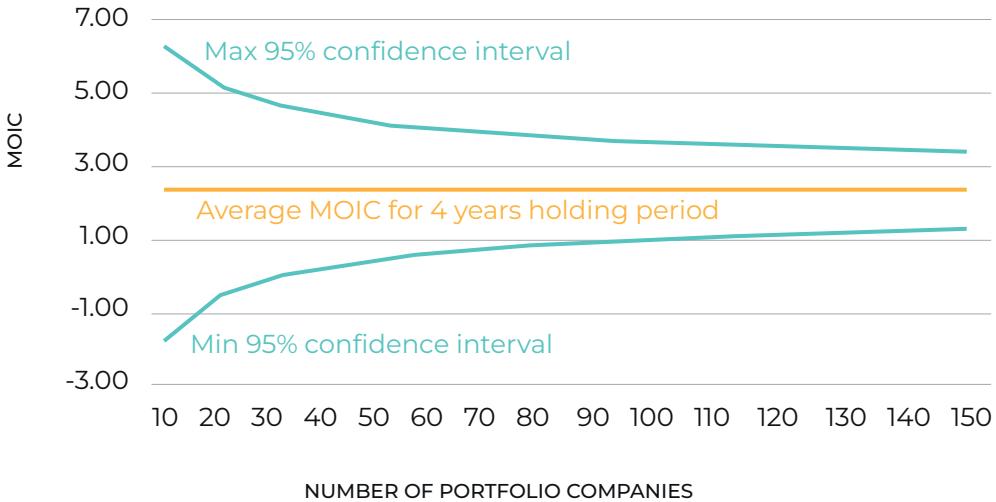
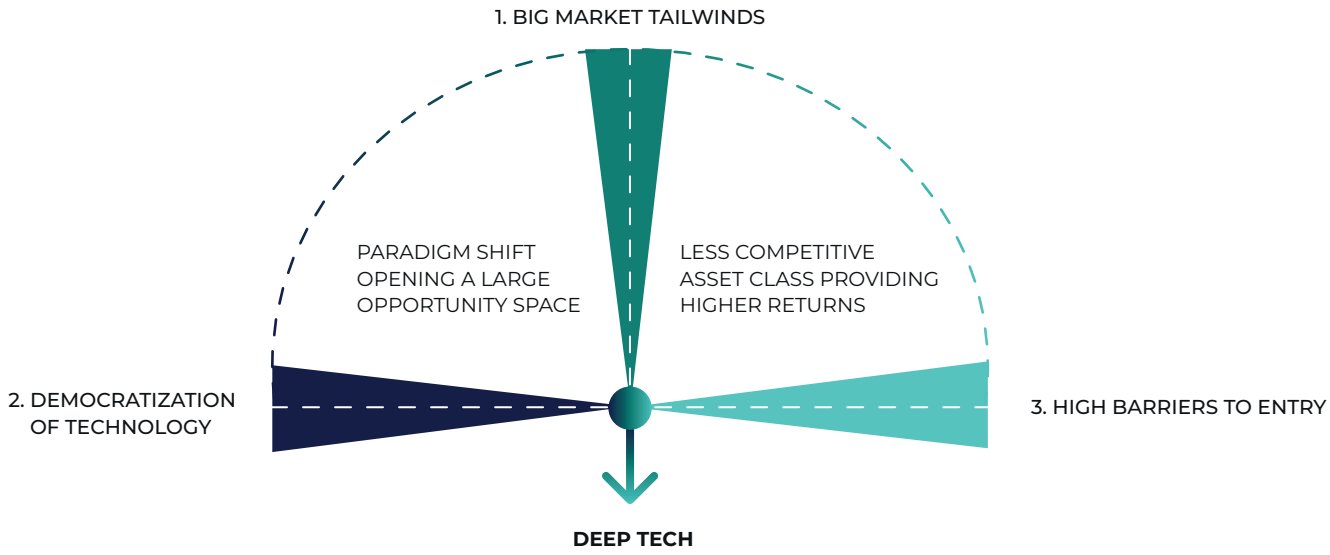


Figure 6:



KEY DRIVERS OF DEEP-TECH PERFORMANCE



Several macro- and sector-specific factors are driving deep tech's strong performance, distinguishing it from other asset classes. In this section, we highlight three critical drivers behind deep tech's strong performance.

1. BIG MARKET TAILWINDS

Demand for deep tech solutions is driven by pressing challenges such as climate change, healthcare, and national security — issues that existing technologies alone cannot address.

For example, a recent report by the International Energy Agency stated that achieving carbon neutrality by 2050 will require 50% of emissions reductions to come from technologies still under development.[9] Which makes deep tech startups developing innovative solutions to these global challenges highly attractive to investors.

Moreover, the regulatory landscape is increasingly supportive of such R&D initiatives. In the US, the Inflation Reduction Act (IRA) and the CHIPS and Science Act are expected to direct more than $600 billion of federal funding into the clean energy and semiconductor sectors.[10]

In the EU, the European Green Deal[11] is expected to invest €1,000 billion to support clean technologies and ambitious decarbonization goals.

9. International Energy Agency (2021), *Net Zero by 2050 - A Roadmap for the Global Energy Sector*
10. McKinsey (2022), *The Inflation Reduction Act: Here's what's in it*
11. European Commission (2020), *Communication and roadmap on the European Green Deal*

This favorable regulatory shift signals strong commitments from governments, further bolstering the long-term investment appeal of deep tech in the related industries (Table 1).

However, it must be nuanced that the impact of regulation may be slowed down by actual implementation, and that the primary driver of market growth remains customer demand.

Table 1: Return by Industry

	GROSS IRR	#STARTUPS
Construction	49%	51
Manufacturing	28%	217
Electronics & Information Technology	27%	79
Energy	27%	168
Agri-Food	28%	155

DEEP TECH, THE MEETING POINT BETWEEN FINANCIAL PERFORMANCE AND IMPACT

Investors cannot afford to lose money while addressing global challenges, especially as less than 7% of consumers pay a premium for sustainable products and services today.

Or, as put by **Yair Reem**, Partner at the climate-focused VC fund Extansia Capital, "*People don't care about climate. They care about their wallets.*"[12]

Pae Wu, General Partner at SOSV, added "*With recent geopolitical shifts, such as Trump's reelection, SDGs, ESG, and other impact metrics are likely to take a backseat — at least in terms of messaging. However, I believe we'll still see strong investment in companies that are solving real problems and proving their economics actually work.*"

While most venture-backed startups in the first wave of cleantech ("cleantech 1.0") failed to deliver competitive returns to limited partners (LPs), our analysis shows deep tech startups focusing on critical global issues such as climate action and sustainability have indeed demonstrated outsized returns (Table 2).

Table 2: Return by SDG

	GROSS IRR	#STARTUPS
Climate action	35%	208
Affordable and clean energy	35%	115
Sustainable cities and communities	32%	190
Life below water	27%	54
Responsible consumption and production	24%	193
Clean water and sanitation	24%	77
Life on land	23%	86
Reduced inequalities	23%	73
Decent work and economic growth	23%	92
Industry, innovation and infrastructure	22%	368
Good health and wellbeing	19%	318
Zero hunger	17%	62

Our interpretation of why startups aligned with some SDGs tend to overperform compared to other companies in general is that those SDGs are big markets ripe for disruption, and mission-driven founders and teams are more likely to succeed.

12. BCG (2022), *Consumers Are the Key to Taking Green Mainstream*

2. DEMOCRATIZATION OF TECHNOLOGY

With deep tech, the markets are reliving the advent of the internet.

Emerging technologies are currently reaching commercial maturity in many domains, such as artificial intelligence, biotech, and materials science.

As the cost of technologies decreases by several orders of magnitude, startups today can build prototypes with a pre-seed round of $1 million.[13]

Such a shift enables value creation by startups in domains previously reserved for large companies, much like the internet revolution in the 1990s.

For instance:

- Human genome sequencing costs dropped from $3 billion (original assembly cost in 2003) to under $1000 in the late 2010s.
  Now the sequencing industry is close to reaching the new target of the $100 genome[14].

- Oligonucleotide synthesis costs, including DNA and RNA, decreased from $1 per base pair (bp) in 2000 to between $0.07 - 0.10/bp for common sequences three years ago. This reduction in costs follows a clear trend towards the industry target of $0.01/bp[15].

- Precision fermentation declined from $1,000,000 per kilogram of protein in 2000 to $100 in 2024.[16]

Table 3: Return by Technology

	GROSS IRR	#STARTUPS
Advanced Materials & Chemistry	26%	214
Automotive & Aerospace Engineering	25%	64
Biotechnology	24%	283
Energy production & storage	22%	138
Synthetic Biology	22%	78
Electronics and Photonics	21%	158
Information and Communication Technology	22%	184
Automation, Robotics & Drones	20%	89
Big Data & Cloud	21%	177
IoT & Sensors	15%	169
Environmental Engineering	13%	60
Artificial Intelligence (AI)	14%	203
Nanotechnology	12%	100
Semiconductor	12%	68

A significant difference from the rise of the internet in the 1990s is that this Moore Law's effect is occurring in multiple fields simultaneously, with the convergence of these technologies multiplying their potential.

13. BCG and Hello Tomorrow (2019), *The Dawn of the Deep Tech Ecosystem*
14. National Human Genome Research Institute (2022), *The Cost of Sequencing a Human Genome; and Advances in Genome Biology and Technology (2024)*
15. Jonathan D. Grinstein (2023), *The Long and Winding Road: On-Demand DNA Synthesis in High Demand*
16. Tubb, C. and Seba, T. (2021), *Rethinking Food and Agriculture 2020-2030: The Second Domestication of Plants and Animals, the Disruption of the Cow, and the Collapse of Industrial Livestock Farming*

WHAT CAN AN INTERSECTIONAL DEEP TECH STARTUP LOOK LIKE?

Allozymes, a biotech startup from the Hello Tomorrow Deep Tech Pioneers cohort in 2021 and 2023, specializes in enzyme engineering.

The startup leverages its proprietary microfluidics technology to develop a next-generation enzyme engineering platform that rapidly and cost-effectively develops enzymes and microbes for industrial applications. Beyond their core innovation, Allozymes integrates AI and machine learning algorithms as part of their enzyme data library.

This convergence of biotechnology, next-generation microfluidics, and AI enables the company to accelerate discovery, development and scalability processes working towards more sustainable bioproduction compared to conventional methods.

The startup has already established partnerships with industry leaders such as Syensqo and Adisseo.

3. HIGH BARRIERS TO ENTRY

Unlike traditional tech venture capital, which is increasingly commoditized, deep tech investing requires a thorough understanding of the scientific, technological, market, industrial, and regulatory landscapes that shape each industry at the market segment level.

This creates an investment bottleneck driven by the high technical and market understanding expertise required of General Partners (GPs).

This is all the more true at the pre-seed stage, where understanding the technical challenges linked to industrialization is a key factor for success since the product does not yet function in real conditions.

As a result, deep tech is a less competitive asset class, presenting outsized return potential for investors with the necessary domain expertise.



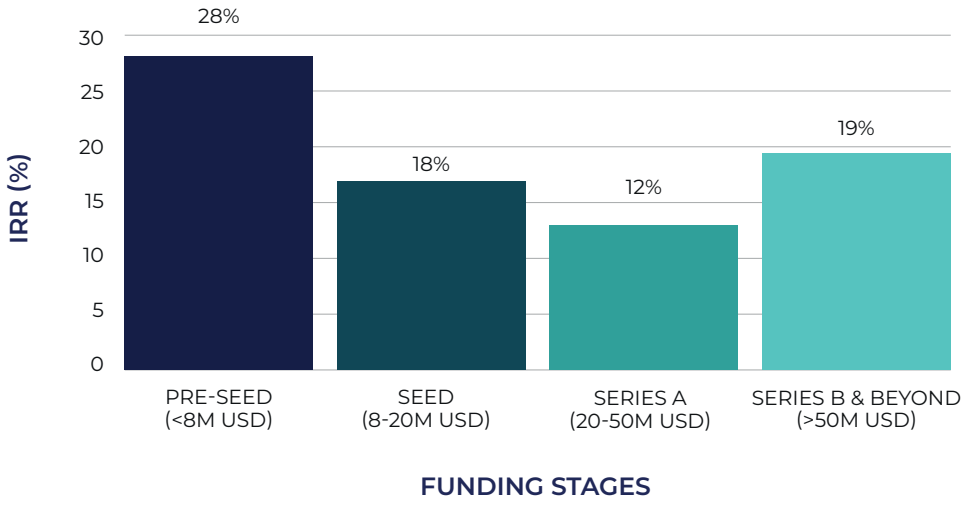
YOU EITHER COME VERY EARLY, OR VERY LATE

Being the first one to seize a new opportunity is often considered a high-risk endeavor; however, the rewards for embracing this risk can be substantial, especially in early-stage deep tech investments.

Based on our analysis (Figure 7), investments made at valuations of $8M or lower - typical for pre-seed stage - yield higher multiples on invested capital (IRR).

Additionally, growth-stage investments at valuations of $50M or higher also demonstrate strong returns.

Figure 7: IRR by Funding Stage (USD Millions)



To explain why very early stage investment is overperforming, we examine three key reasons:

1. FINANCING TECHNOLOGY RISK, RATHER THAN MARKET RISK, PAYS OFF

Investors are accustomed to underwriting market risk after three decades of digital platforms and B2B SaaS dominance in the VC world. It has been customary to rely on early signs of traction and then recurring revenues as guiding principles for investment decisions.

It explains why deep tech companies with no revenues or even a product that works in real conditions seem unattractive to traditional investors. But deep tech is a different game where financing technology risk, rather than market risk, can be highly profitable.

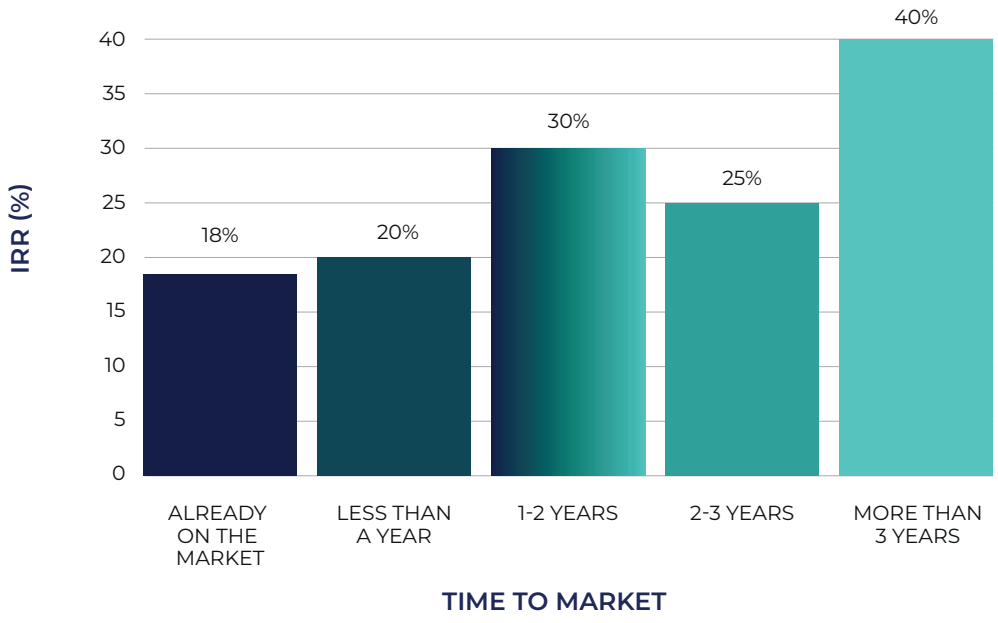
For most early-stage startups, the primary challenge indeed lies in technological risk (after the lab trials, will it work in real-world conditions?) rather than market risk because deep tech ventures often target established markets with proven demand.

For instance, if a startup can produce electricity more sustainably and at a competitive price, the market demand is essentially guaranteed.

Teams that manage to reduce technical risk by reaching new industrialization milestones - such as proving viability outside lab conditions and then industrial scale - create substantial value for investors, even pre-revenue, as they bring the company closer to entering an attractive market with the added protection of intellectual property.

Performance data underscores this trend: startups with an estimated time-to-market of three or more years at the time of their first equity financing significantly outperform those closer to market entry, or already operating within it (Figure 8).

Figure 8: IRR by self-reported time to market



2. SOLID R&D FOUNDATIONS AS A KEY ASSET FOR INVESTMENT

Deep tech companies, even in their initial stages, possess a significant advantage and distinct foundational resources — they do not exist in a vacuum.

Originating from academic labs or corporate R&D departments, deep tech startups' R&D background make for highly attractive early investments by:

- Reducing the upfront investment needed to achieve proof of concept,
- Accelerating time to market and lowering technical risks thanks to extensive groundwork completed prior to the company's founding,
- Minimizing team risks thanks to management teams with prior experience in the sector or technology,
- Providing unique competitive advantages through valuable intellectual property and patents, which remain a valuable asset regardless of the company's commercial success.

3. NON-DILUTIVE GRANT FINANCING IMPROVING CAPITAL EFFICIENCY

Deep tech projects frequently benefit from non-dilutive financing, with an average non-dilutive funding of $1.8 million per company in our dataset.

Unlike traditional tech startups where non-dilutive options are less common, most deep tech companies can access grants and subsidies due to their strategic importance for national competitiveness and their focus on addressing critical challenges like climate change, healthcare, and food security.

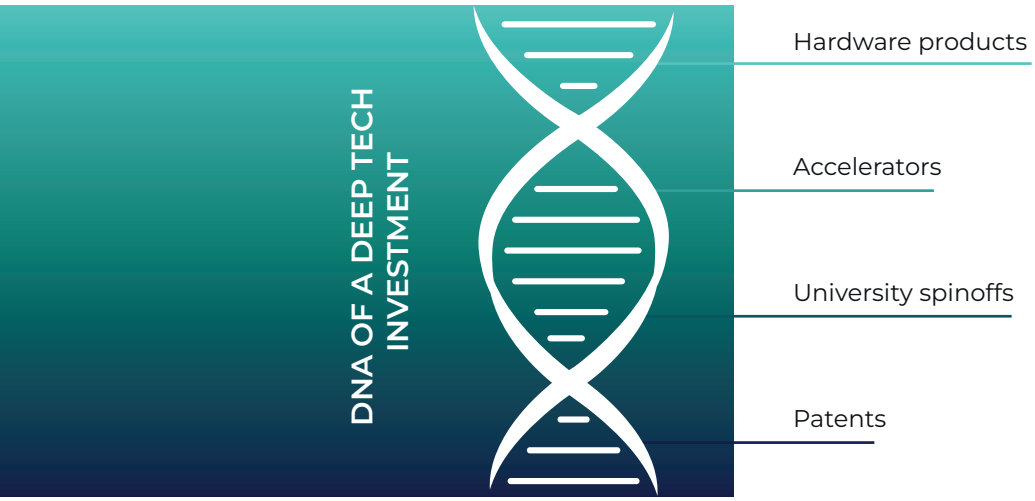
This form of financing preserves equity for founders and early investors and enhances capital efficiency, allowing startups to advance without significant dilution.

On the other hand, late-stage investments offer their own range of benefits. Our analysis indicates that the MOIC begins to rise again post a $50 million valuation.

By this stage, deep tech startups have typically resolved major technological risks and operate in markets with relatively low uncertainty.

These companies often have established revenue streams and strong competitive advantages thanks to their technological edge, providing a more stable investment opportunity.

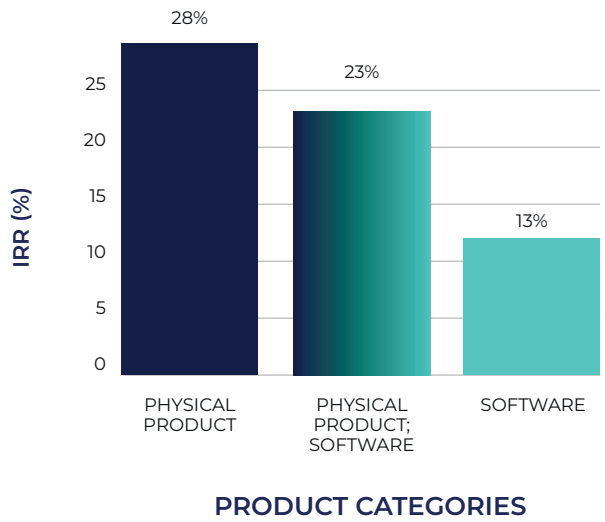
FACTORS INFLUENCING DEEP TECH INVESTMENTS



HARDWARE, HYBRID SOLUTIONS, AND THE SOFTWARE PLATEAU

After three decades of digital and software dominance it might be hard to believe that investing in hardware products as well as hybrid ones is, in fact, more profitable than investing in pure software ones.

Figure 9: IRR for different product types Title



This can be attributed to the limitations of software when it comes to addressing some of the world's most pressing challenges and therefore its biggest markets. Solving critical issues in climate action, healthcare, or national security, seems impossible without physical solutions.

At the same time, physical products in deep tech often bring a tangible, clear value proposition with enduring market relevance, hence resulting in stronger product differentiation.

Finally, the unicorns of the next decade are more likely to emerge from hardware-focused or hybrid innovations because they benefit from stronger barriers to entry and thus stronger defensibility.

Unlike software, which has become democratized and even commoditized - especially in light of significant advancements in AI - hardware products remain challenging to replicate, demanding extensive R&D, industry-specific expertise, and longer development cycles.

As a result, hardware solutions - once validated - have strong and profitable growth trajectories, particularly in sectors with entrenched and unmet needs.
These qualities contribute to higher valuations and superior performance for hardware deep tech companies.

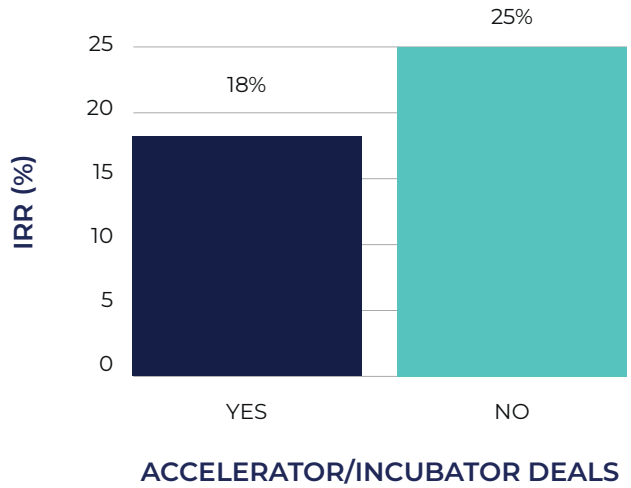
Deep tech hardware startups are now positioned precisely where tech startups were two or three decades ago—ripe for investment and ready to unlock significant returns for those willing to bet on the future.

ACCELERATORS NEED TO BE ADAPTED TO DEEP TECH TO TRULY ADD VALUE

Accelerators do not guarantee better financial performance (Figure 10). This conclusion may be surprising given the apparent benefits of joining an accelerator or incubation program.
However, our analysis shows that startups not affiliated with accelerators or incubators often outperform their counterparts in terms of investor returns.

While this is a general trend, we acknowledge that top accelerators still provide significant benefits, even for leading companies.

Figure 10: IRR categorized by whether or not startups participated in accelerator / incubator deals



One possible reason for this trend is that experienced deep tech teams might be reluctant to sacrifice equity - or even time - for the standard offerings of generalist accelerator programs.

For university-affiliated deep tech startups, research labs and academic institutions already act as quasi-incubators as they provide access to resources, technical expertise, multidisciplinary talent, as well as academic and corporate networks.

Another possible reason for the underperformance of accelerator-affiliated startups is that many accelerator programs are not designed to address the unique challenges of deep tech ventures.

Therefore, they fail to provide the actionable, domain-specific mentorship and tailored resources that deep tech startups require.

This context calls for rethinking the accelerator model to adapt it to deep tech. To be relevant and transformative, the mentorship provided by an accelerator or incubator program to deep tech startups must be domain-specific and actionable. It must facilitate access to relevant investor networks and corporate partnerships to accelerate time-to-market.

Rethinking this model, though beyond the scope of this report, is a topic we first explored in 2019 and have continued to investigate since.

SPINNING OUT OF UNIVERSITY IS NOT THE ONLY PATH TO SUCCESS

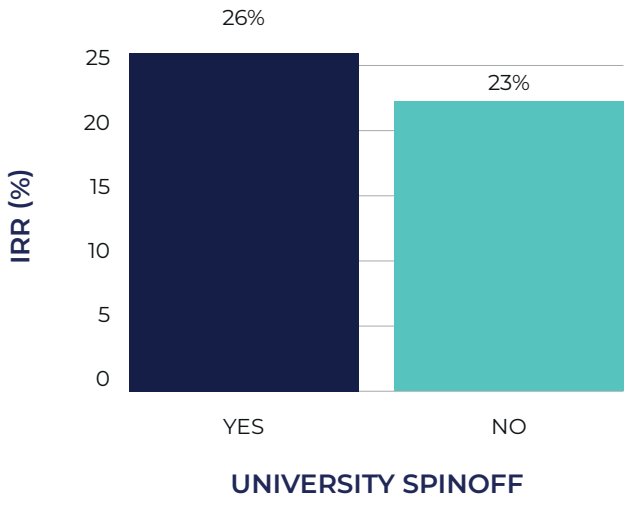
While deep tech startups spun off from universities tend to outperform their non-spinoff counterparts, it is not the only route to success. The university environment offers significant advantages to deep tech startups, contributing to their strong performance.

As mentioned above, university spinoffs can leverage existing networks, research labs, and access to multidisciplinary talent, giving them an edge that could explain their higher performance metrics.

Interestingly, non-spinoff startups remain competitive in terms of IRR. Success in deep tech can also stem from independent research teams.

Non-spinoff deep tech startups often feature experienced researchers and leadership teams with strong ties to academic networks.
This connection ensures they are not entirely removed from the advantages of academic collaboration, even without direct university support.

Figure 11: IRR categorized by origin



PATENTS ARE KEY

It should come as no surprise that a deep tech startup with patents outperforms one without them.

Patents can thus be considered as market moats, serving as strong barriers to entry by legally preventing competitors from replicating unique technologies or processes.

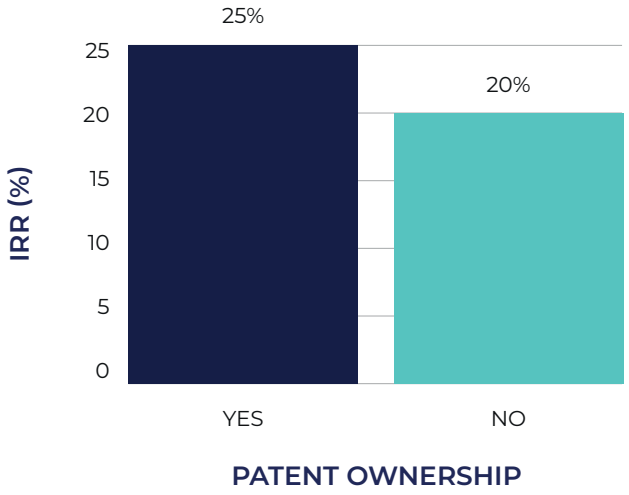
This exclusive protection allows deep tech companies to secure their value proposition in a specific market segment, reinforcing their competitive advantage and giving them a defensible market position.

With a strong patent portfolio, deep tech startups can make themselves more appealing for acquisition, as acquiring entities value the security of owning proprietary technology that ensures a unique position in the market.

Furthermore, **patents unlock licensing and partnership opportunities,** enabling deep tech startups to monetize their innovations and generate revenue even before full commercialization — something that goes a long way for deep tech companies who typically have longer commercialisation timelines.

This licensing model is particularly valuable in fields like healthcare, biotechnology, and materials science, where deep tech companies often need extended R&D phases and may face long regulatory pathways.

Figure 12: IRR categorized by whether or not startups own patents



THE GLOBAL DEEP TECH RACE

There is a common misconception that Europe is lagging behind in the deep tech race; however, this is not the case when it comes to the financial returns of early-stage investments. Instead, Europe and North America are equally competitive within this asset class.

However, disparities emerge at later funding stages. European startups often encounter challenges in securing larger investments rounds, leading to a funding gap when compared to North America.

Figure 13: IRR by Region

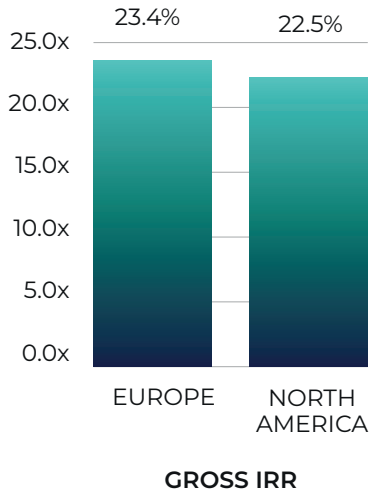
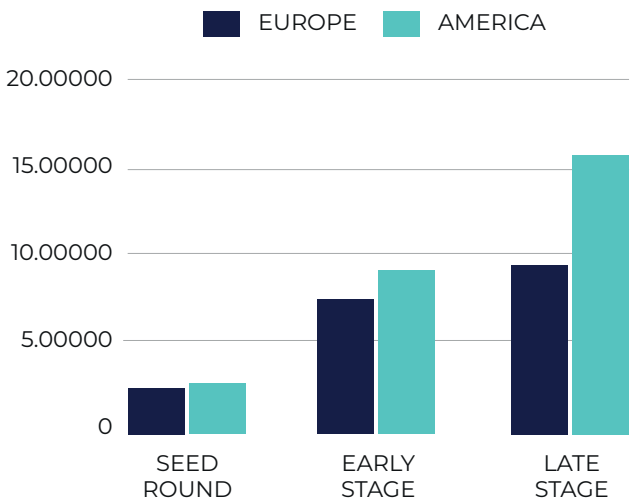


Figure 14: Average ticket size by stage and region



This discrepancy is largely due to North America's more mature VC ecosystem, which includes funds capable of providing investments of $100 million or more.

Consequently, many European deep tech startups seek substantial funding and scaling opportunities in the U.S.

Addressing this issue, many experts advocate for Europe to close this gap.

"*Europe should stop being an accelerator for the rest of the world, and create the conditions for startups to scale locally,*" said **Lars Frølund**, lecturer at MIT and Member of the Board at the European Innovation Council and EIC Fund.

Deep tech is what will drive the future. The various market segments gathered under this terminology are critical in terms of sovereignty for the European Union, with AI, Spacetech and Defencetech leading the wave of innovation - given the impact they can have on the daily life of each and every citizen. Combining this with higher returns should make deep tech a natural area of interest for investors.

DAVID DANA,
Head of VC investments for Disruptive Tech & Innovation at European Investment Fund (EIF).



CONCLUSION

In its early days, venture capital was defined by ambition and a hunger for the unknown.

Investors placed bold bets on transformative technologies — from Fairchild's semiconductors and Apple's push towards personal computing to Genentech's drive to revolutionize pharmaceuticals forever. The essence of venture capital lay in actual ventures — backing pioneers who dared to challenge what was possible.

But over time, much of this daring spirit has shifted toward safer, faster-turnaround investments in SaaS and digital platforms, prioritizing scale over substance, forgetting the power of science and its proven capacity over history to make impossible things happen and change the destiny of humankind.

Deep tech offers a chance for VCs to return to their foundational roots. From pioneering clean energy, to advancing precision medicine, to unlocking revolutionary materials, these companies hold the potential to transform entire industries and societies — all while generating profit.

Deep tech hardware startups are now at the same pivotal stage that tech startups were decades ago — ready for investment and poised to deliver significant returns to those bold enough to back them.

However, investing in deep tech requires a different approach - one that embraces long, uncertain R&D cycles and navigates technical and regulatory complexities with a clear vision.

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ABOUT HELLO TOMORROW

Hello Tomorrow is accelerating deep tech innovation by fostering collaboration between startups, corporations, and investors.

Through tailored advisory services for industry leaders, investors, and governments, along with its startup acceleration programs, Hello Tomorrow empowers pioneers who are set to solve the world's most critical and urgent challenges with cutting-edge technologies.

ABOUT DEEPBRIGHT VENTURES

Founded in 2024, Deepbright Ventures is on a mission to redefine early-stage deep tech investing.

Powered by Hello Tomorrow, Deepbright Ventures is a venture capital firm that leverages a decade of expertise and global connections to identify and support the world's most promising deep tech startups.

Partnering with visionary founders and a network of forward-thinking investors, it fuels science-driven innovations to tackle humanity's greatest challenges — from clean energy, to precision medicine, to regenerative agriculture, and beyond.

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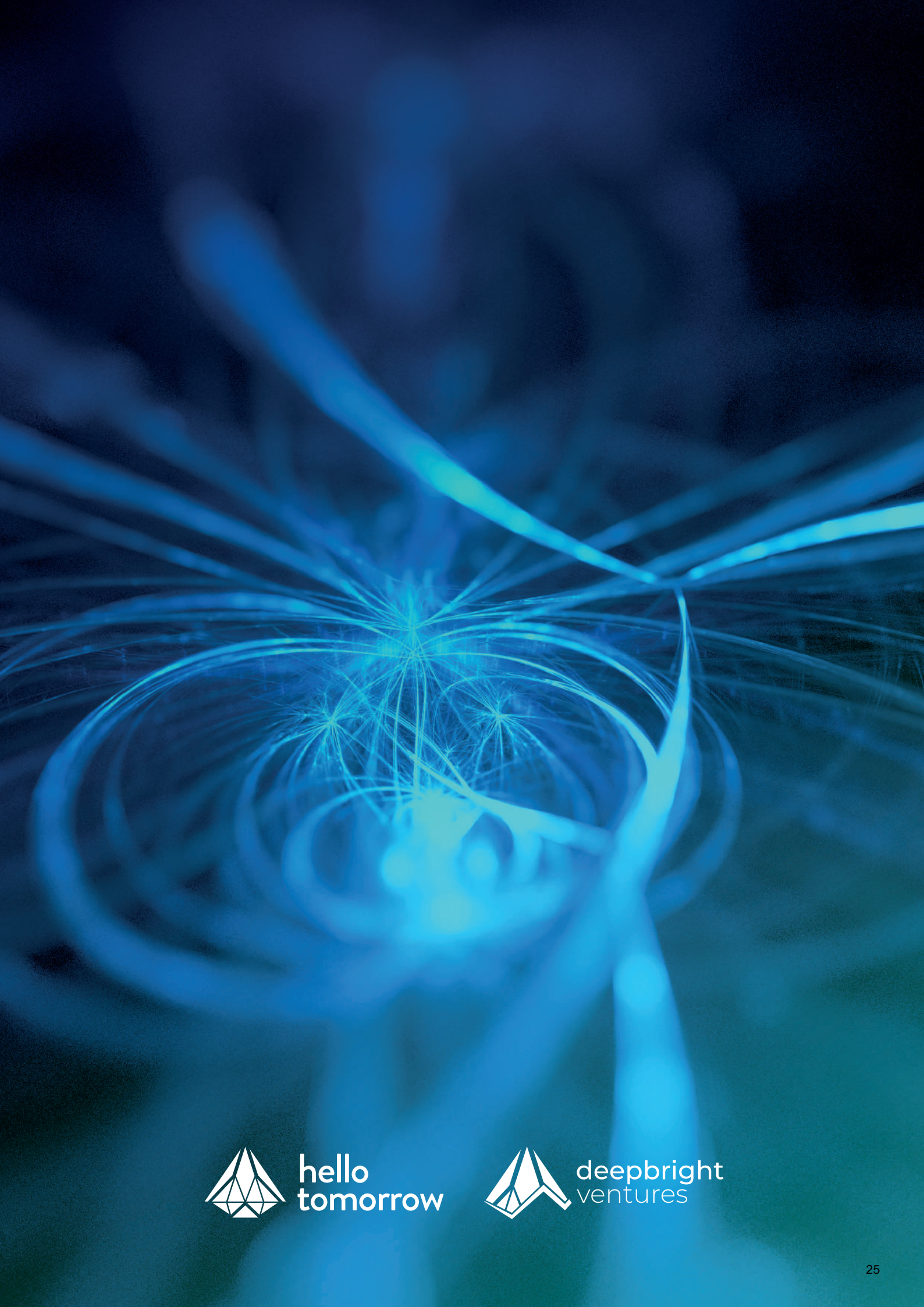
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