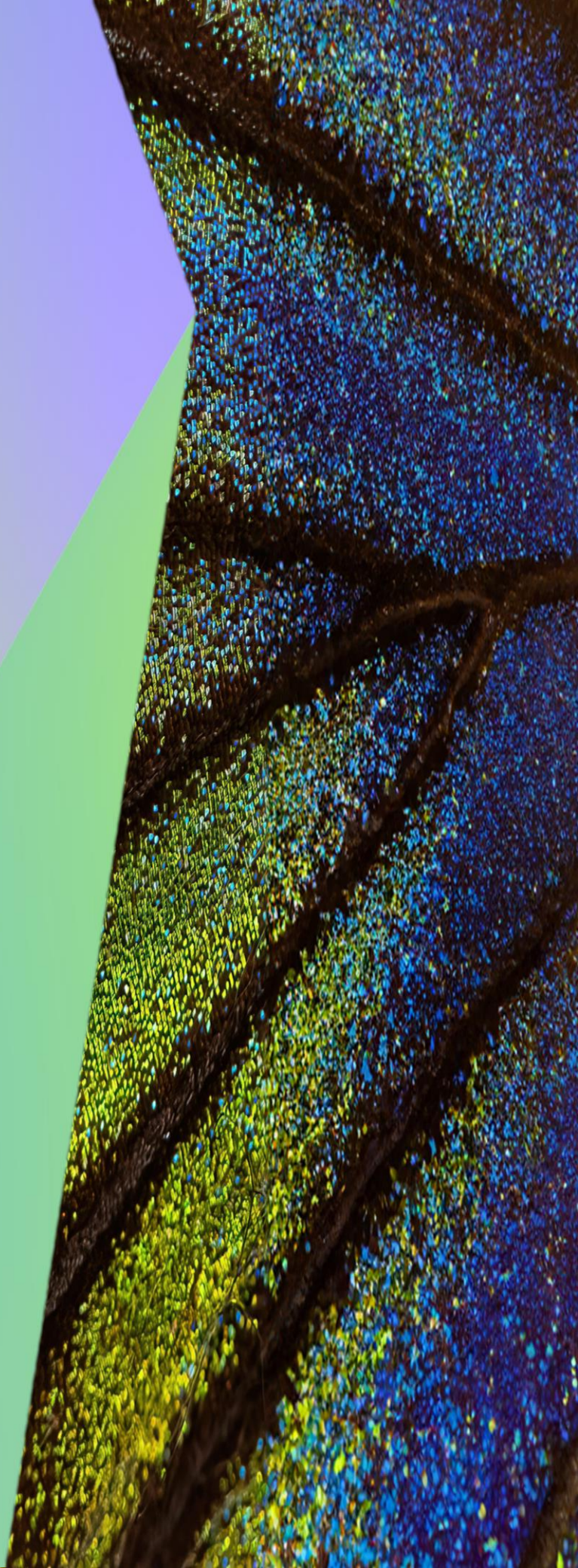# AI Investment
Summit 2024

Insights

Unlocking Tomorrow

Insights from our Berlin AI Investment Summit

The AI Investment Summit in Berlin brought together around 150 leaders, investors, and innovators to explore the future of AI and Deep Tech in Europe. With thought-provoking speakers, the summit addressed the pivotal challenges and opportunities shaping the AI landscape today. We extend our sincere thanks to all participants for joining us and contributing to the insightful discussions that made this event a success.

Keynotes and panels tackled essential questions, such as: How can European AI and Deep Tech companies scale globally? What investment strategies are critical for driving sustainable growth? How can companies gain a competitive edge through digital transformation? Together, we explored ways to fully leverage Europe's science and technology potential, stay competitive amidst rapid advancements in the U.S. and East Asia, and foster a robust ecosystem for AI and Deep Tech investment.

Our sessions covered crucial topics, including regulatory frameworks for AI, venture capital dynamics, frontier digital technologies, the role of generative AI in investment operations, and AI & data governance. Corporates, venture capitalists, private equity investors, and technology start-ups converged to examine strategies, share expertise, and strengthen partnerships.

Below, you'll find our key takeaways from our workshops:

1. Policy, Regulation & Communication

2. AI-Regulation & Venture Deals

3. Digital Frontier Technologies

4. Legal Tech

5. Leveraging GenAI in investment operations for VCs

6. AI & Data Governance

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Policy, Regulation & Communication

Successful investments in AI companies require not only the right business strategy but also managing increasingly complex policy, regulation, and communication aspects.

FDI screening often targets AI investments due to its dual-use applications and strategic importance. Many European jurisdictions apply a broad definition of critical technology, with AI frequently triggering government scrutiny. Investments from certain countries may face delays, conditions, or prohibitions.

Antitrust regulations assess acquisitions and partnerships to prevent anti-competitive behavior. AI companies, being data-rich and innovative, attract heightened regulatory attention, with authorities in the EU, UK, and U.S. reviewing even acqui-hire deals or minority investments.

To navigate these challenges, AI companies and investors must embed regulatory strategy into investment planning. Early engagement with legal experts is essential to anticipate hurdles, negotiate remedies, and mitigate risks.

Equally important are communication strategies—investors must clearly convey the transaction's benefits to regulators and stakeholders, including policymakers, to build trust and align with public interests. Policymakers increasingly focus on AI's societal impact, including ethical concerns, privacy, and labor issues. In this environment, a proactive, transparent approach can secure approvals and long-term success.

In summary, investors and AI companies should not assume a deal is too small to attract interest. Understanding their rights and crafting a clear strategy will smooth the path to success.

Falk Schoening
Hogan Lovells

Philipp Raidt
FGS Global

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AI-Regulation & Venture Deals

Will the European Union's AI Act prove to be a competitive advantage, or will the law stifle the emergence of a vibrant AI-driven economy within the EU? This question framed the deep dive session, featuring Dan Nechita (AI policy expert and advisor to startups), Thiemo Woertge (Counsel at Hogan Lovells focusing on Venture Capital), and Jasper Siems (Associate at Hogan Lovells specializing in AI and IP law). The panel explored the transformative role of the EU AI Act in shaping the AI landscape and its implications for venture deals.

Key takeaways were:

1.   The AI Act is a regulatory milestone
The EU AI Act introduces a horizontal, risk-based framework to ensure safe and trustworthy AI. Startups, as key drivers of innovation, face unique challenges under this framework. Compliance with transparency, risk classification, and governance obligations is now a critical part of due diligence, influencing their attractiveness to investors. By embedding regulatory readiness early, startups can strengthen their market position and stand out in the competitive venture ecosystem.

2. Balancing regulation and innovation
The AI Act's complexity raises concerns about stifling innovation, particularly for startups with limited resources. While the law's aim is to foster safe AI, its broad obligations could unintentionally create barriers for smaller players. Proactive measures, such as implementing compliance frameworks and engaging with regulatory experts, are essential to maintain competitiveness in this challenging landscape.

3. Impact on deal dynamics
Investors now prioritize regulatory readiness, with a focus on data governance, IP rights, and ethical AI development. Startups demonstrating conformity with high-risk system obligations and strong cybersecurity measures gain a competitive edge in securing funding. The ability to navigate these regulatory requirements is becoming a differentiator in venture deals.

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4. Global influence and long-term vision
The Act's potential "Brussels effect" could set global AI standards, enhancing the credibility of European startups. However, concerns were raised that, in striving for leadership, the EU risks losing momentum against faster-moving US and Asian counterparts. Policymakers were urged to establish feedback mechanisms to ensure the Act evolves in a way that supports startups while safeguarding ethical standards.

By positioning compliance as a strategic advantage, the EU AI Act reshapes venture investments, fostering trust, encouraging responsible AI adoption, and driving sustainable growth in the sector.

Jasper Siems
Hogan Lovells

Thiemo Woertge
Hogan Lovells

Dan Nechita
European Parliament

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Digital Frontier Technologies

The workshop on Digital Frontier Technologies explored some fields of cutting-edge innovations across industries. Key areas included AI-supported biochemical engineering, robotics with physical AI, and quantum computing. AI's integration into biochemical engineering, exemplified by AlphaFold's breakthrough in protein structure prediction, is revolutionizing drug discovery and material engineering.

However, challenges such as computational demands and interdisciplinary talent shortages persist. In robotics, AI-powered machines enhance logistics and healthcare, yet face regulatory and ethical hurdles alongside steep development costs. Meanwhile, quantum computing's potential to address complex problems in cryptography and optimization holds promise, but scalability and investor scepticism remain barriers.

The discussion highlighted common challenges: capital intensity, talent scarcity, and navigating fragmented regulations. Strategies for overcoming these included fostering partnerships with academia and tech firms, focusing on niche markets, and emphasizing clear ROI through pilot projects. Attendees emphasized the importance of aligning with forward-thinking investors, ensuring regulatory compliance, and building trust through effective communication strategies. These insights offer a roadmap for leveraging digital frontier technologies in future investments and innovation.

Leopold von Gerlach
Hogan Lovells

Marcel Quennet
Quantistry

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Legal Tech

AI for Legal Teams

The rapid advancements in AI have sparked broad discussions about its best uses in the legal field. The excitement around generative AI tools has even raised questions about whether AI could replace lawyers soon. However, we have also seen some challenges along the way—like lawyers accidentally citing made-up cases because of AI hallucinations. Yet, it is evident that significant investments are being poured into AI. For many users, this presents a choice between adopting off-the-shelf AI products or opting for fully customized solutions. Off-the-shelf options often fall short of meeting specific needs, compelling users to bend their workflows instead of tailoring the technology to suit their requirements. To truly leverage the power of AI, customization is key.

Quantifying Efficiency

We explored real-world examples that show how AI is making a difference for legal teams. We shared data highlighting efficiency gains from innovative methods like predictive coding and continuous active learning in eDiscovery – leading to reductions of up to 90% in data sets. With generative AI, we are seeing time savings of up to 50% across various tasks such as legal case analysis, information extraction, contract analysis, and document drafting. When it comes to managing regulatory compliance, tools like the Regulatory Pilot can boost efficiency by over 90%. These numbers demonstrate how well-implemented AI can streamline legal operations and save time and money.

Challenges for Startups

We know that startups face unique challenges when building solid compliance systems. So we have put together a tailored package. With our mix of legal expertise and understanding of the tech landscape we can help startups navigate their compliance obligations without impact on their business operations. Having a strong compliance system is not just a nice-to-have; it is a legal obligation. Our package, therefore, includes everything from an external compliance officer and initial risk assessments to essential policy development and training sessions.

Sebastian Lach
Hogan Lovells,
ELTEMATE

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Leveraging GenAI in investment operations for VCs

McKinsey's breakout panel "AI in Investment Operations", hosted by GenAI-strategist Dr. Patrick Wollner, shifted the focus from investing in AI to using AI to invest.

Guy Conway is building Koble.AI, a fund that utilizes AI to make autonomous investment decisions based on sophisticated models analyzing vast amounts of data and identifing potential investments. By leveraging the power of AI, Koble.AI aims to make more accurate and informed investment decisions than traditional funds.

Ties Boukema at Dawn Capital uses AI to map and optimize human networks of startups and investors, driving portfolio performance and growth. This involves analyzing large datasets (including WhatsApp!) to identify individuals and contacts relevant to the fund's performance. He enables the fund to gain insights that would be difficult or impossible to obtain through traditional means.

At ELTEMATE, Marcus Busch automates legal processes for his clients, streamlining legal operations, and thereby increasing their efficiency. This includes tasks such as contract review and due diligence, which are typically labor-intensive. By leveraging AI, his clients can refocus their work away from repetitive tasks.

The panelists discussed the challenges of implementing AI in investment operations, including regulatory hurdles, data quality issues, and human biases. They highlighted the potential benefits of AI, such as automated contract drafting and optimized portfolio performance. However, they also emphasized the importance of transparency and explainability in AI-driven models, noting that getting these right is crucial to maintaining investor trust.

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As the industry continues to evolve, there is a growing recognition that AI should be leveraged to augment human decision-making, rather than replacing it. This shift in mindset is crucial for building trust with investors and ensuring that investment decisions are made with integrity, even for a fully-automated fund like Koble.AI.

The use of (Gen)AI has the potential to revolutionize the way investors create alpha, but they are also faced by increased scrutiny, a fundamentally changing asset class, and the need to redefine what role analysts, lawyers, and "traditional" networking play in their work.

Marcus Busch
ELTEMATE
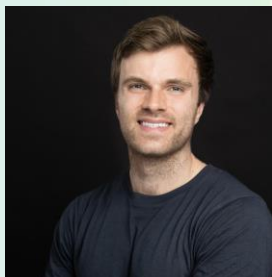
Ties Boukema
Dawn Capital

Guy Conway
Koble

Patrick Wollner
McKinsey

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AI & Data Governance

The use of AI brings significant benefits and opportunities for companies but also poses a number of risks and challenges. These require a holistic view of risk management measures across a wide range of legal areas and topics (such as legal and regulatory compliance, ethical and social considerations, liability and responsibility, product safety, data governance and data protection, IT and cyber security, IP aspects and trade secrets, antitrust law, employment law). Particular challenges arise with regard to the transparency, traceability and robustness of AI systems, the accuracy and reliability of the information generated by artificial intelligence, as well as ensuring fairness, non-discrimination and non-bias throughout the entire life cycle of AI systems.

Against this backdrop, the implementation of AI governance is an absolute necessity in the company, which forms an essential part of the entrepreneurial duty to implement appropriate corporate governance to manage any business risks for the company. This applies regardless of whether the company is directly affected by the specific provisions under the AI Regulation.

Implementing appropriate AI governance makes it possible to minimize the risks for the company and ensure the responsible use of AI in line with legal, ethical and societal expectations. By designing an appropriate organization (with a clear distribution of responsibilities in the different areas) and the guidelines, standards, processes and controls, companies can not only meet their accountability obligations and ensure compliance with legal requirements but also promote the effective and responsible use of AI within the company and thus benefit sustainably from the transformative technology.

The use of data forms the basis for the development and use of artificial intelligence. Advancing digitalization and the use of new (data-driven) technologies are increasing the amount of data and the complexity of data flows and enabling new ways of using data applying AI with a wide range of different actors. This results in new requirements for the availability of sufficiently reliable and high-quality data. In addition, data – like any strategic asset in a company – must be protected from unauthorized use by third parties.

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In addition, the legal framework and regulatory requirements are continuously developing worldwide, with the complex requirements of the AI Act and a large number of new "data laws" in the European Union (e.g. Data Act), which go beyond the mere protection of personal data and establish new requirements for companies.

In the absence of a legal assignment of "data ownership" as an absolute right, a company's legal position with regard to the usability of data, as well as the possibility of excluding third parties from use, arises from a bundle of rights and obligations, taking into account a variety of factual, legal, contractual and regulatory factors.

With the help of appropriate data governance (which is closely linked to AI governance in the company), companies can not only significantly increase the quality and reliability of data but also ensure the availability and usability of data (breaking up data silos, opening up/securing new data sources, avoiding lock-up effects) as well as the integrity, confidentiality, and security of data in the company.

By implementing appropriate organization, standards, guidelines, processes and controls, business risks in the company can be avoided and the collection and use of data can be aligned with the company's guidelines and values. This enables responsible handling of data, which leads to trust and acceptance, and promotes innovative and successful use of AI and data in the company.

Martin Pflüger
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Stefan Schuppert
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