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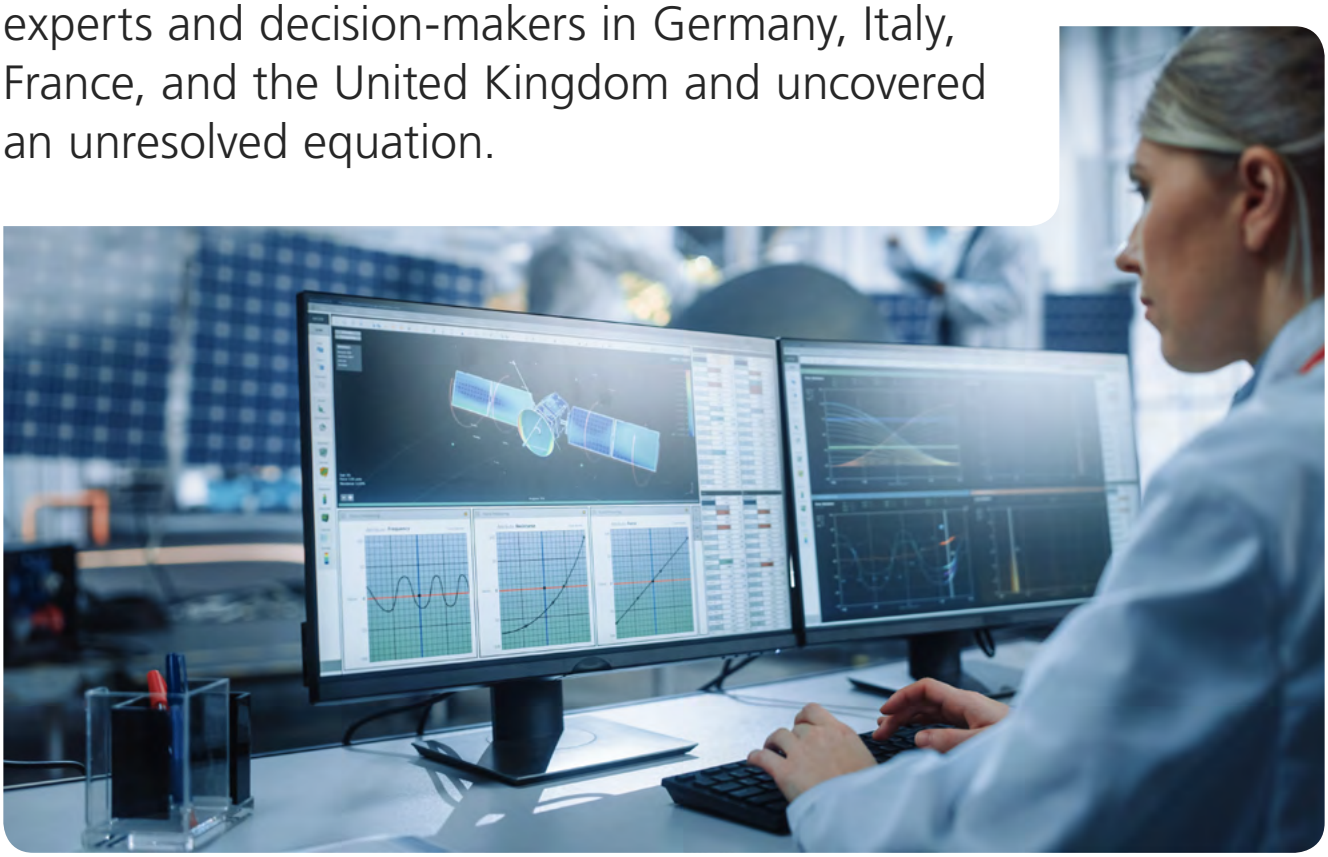
Technological Excellence, Limited Scalability: Europe's Unresolved Equation in Space

Europe's space industry faces a structural problem: scaling requires industrialization, yet the sector remains largely project-driven.

Is the European space industry ready for the necessary level of growth?

To answer this question, MHP surveyed 577 experts and decision-makers in Germany, Italy, France, and the United Kingdom and uncovered an unresolved equation.



Europe's space industry wants to grow — and it has no choice but to do so. Global competition is intensifying: new players from the United States and start-ups from within Europe are demonstrating how quickly space can be industrialized and scaled up.

For Europe, this is about more than just market share. It is a matter of technological sovereignty, economic competitiveness, and control over critical infrastructure.

The pressure to change is increasing. If Europe wants to remain relevant in global competition, technological excellence alone will not be enough. The decisive factor will be the ability to produce systems cost-efficiently and at greater scale.

"If the European space industry does not transform its industrial logic, the continent will not be relevant in the global race for space."

Giuseppe La Marca
Partner
Sector Lead Aerospace
MHP – Management- and IT Consultancy

The sector recognizes the pressure, is setting ambitious growth targets, and is modernizing its technologies. At the same time, however, it remains caught in the industrial logic of project business: individualized, high in variation, integration-heavy, and technologically advanced — all of which make scaling structurally expensive. Europe's space sector is technologically strong, but not (yet) economically relevant.

Project-oriented development is shaped by bespoke solutions, low repeatability, a high degree of variation, and complex integration, while standardization remains limited.

These structures enable technical flexibility, but they stand in direct contradiction to the requirements of industrial scale: stable processes, automation, reusability, and short production cycles.

Project Logic Holds Back Growth

Across industry, two fundamental industrial logics stand in opposition to one another:

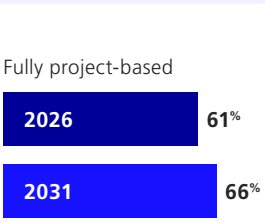
Project-based approach is built on customized, client-specific solutions with a high degree of flexibility. At the same time, it comes with low repeatability, high integration effort, and limited economies of scale. As a result, growth remains complex and expensive.

VS

Product-based approach follows the opposite model: it is based on platforms, standardization, and reusability. Systems are designed for scalability from the very outset, processes can be automated, and unit costs decline. Here, growth creates efficiency gains rather than additional effort.

The Unresolved Equation of Europe's Space Sector

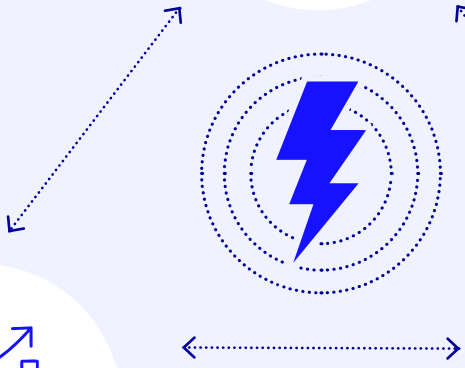
Europe's space sector has a strong strategic ambition to scale, yet at the same time it continues to rely on evolved project logics that make scaling capital-intensive, and operationally complex — while at the same time grappling with financing concerns.



Project logic results in low repeatability

Project logic will increase in importance over the next five years: **61%** → **66%**

Project logic



Scaling

Scaling drives industrialization and competitiveness

66% of respondents assess current scalability as very low or limited, while 74% expect production capacity in Europe to grow by at least 100% over the next five years.

Financing

Growth depends on financing and increases investment pressure

For 27.7% of respondents, financing and investment represent the single greatest barrier to scaling.

In traditional project structures, effort grows in line with output. Higher volumes translate into greater engineering requirements, more integration work, a need for more specialized expertise, and increased capital investment. Product variation and dependence on expert knowledge prevent scaling effects and growth remains proportionally expensive. This constitutes one of the greatest strategic risks Europe's space industry is facing: it has to scale without actually producing in a scalable manner.

These structural challenges are also reflected in the industry's own assessment.

27.7%

In the view of respondents, the greatest hurdle to scaling space production in Europe lies in financing (27.7%) — ranking ahead of skilled labor shortages, supply chain issues, and production processes.

At the same time, this reveals a central contradiction: the sector continues to hold on to a project-driven logic that makes growth structurally expensive and thereby produces precisely the high financing needs it identifies as its primary obstacle. Given that access to capital is unlikely to change significantly in the short term, one conclusion becomes clear: scaling will not be solved by injecting more money alone, but by an industrial logic that makes growth financially viable in the first place.

Industrialization operates differently:

standardization, reuse, and automation.

This reduces integration effort, marginal and scaling costs, and thereby enabling increased speed. A complete transition to traditional, product-based industrialization models, however, appears only partly realistic.

A full transition to product-based logic is difficult to realize in Europe's space sector. Instead, a hybrid model is emerging: modularization, platform strategies, standardized subsystems, and reusable architectures — all situated within systems that remain project-oriented.

Not a mass market product, but rather industrialization in step with complexity.

Industrialization Under Complexity

The decisive strategic question is therefore no longer exclusively: “Project or product?”

But rather: How can repeatability, standardization, and scalability be organized within highly complex, highly variable space systems? For expectations regarding growth over the next five years are high.

The survey thus opens up an industrial policy debate. Europe is not copying New Space — it is developing its own distinct model - one that strikes a balance between project-based development and product-oriented manufacturing. Whether that model will be fast enough, financeable enough, and internationally competitive enough remains an open question, particularly given the industry's own assessment of its current scalability.

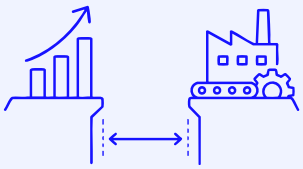
Europe stands at a critical juncture. The willingness to scale is there, and the modernization process is underway. What matters now is whether industrial transformation can keep pace or whether Europe will remain technologically competitive in the global space race while falling behind industrially.

In the end, it is not the one who invents technologies who wins, but the one who brings them into production quickly, efficiently, and at scale.

The transformation toward scalable, cost-efficient industrialization models is familiar territory. In the automotive industry, MHP has already successfully supported exactly this kind of change — from complex, high-variation structures toward standardization, platform strategies, and industrial scale.

This experience from 30 years of industrial transformation can be transferred to the space sector. MHP helps companies transform industrial logics, unlock efficiency potential, and enable sustainable scaling across the entire value chain. We call it "The New Industrial."

The comprehensive analysis of the survey will therefore focus in particular on:



1. **The actual size of the gap between scaling ambition and industrial reality.**
2. **The structural factors limiting scaling and industrialization.**
3. **Whether a distinct European model of space industrialization is emerging.**

Ultimately, the decisive question for Europe's position in the global struggle for space may not only be which technologies are developed, but rather which industrial model is capable of translating these technologies into industrial reality – quickly, efficiently, and at scale.

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About MHP

MHP Management- und IT-Beratung GmbH

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Survey Overview

Civey conducted an online survey for MHP from April 17 to May 13, 2026, among 577 decision-makers in the aerospace sector in Germany, the UK, France, and Italy. The results are representative based on quotas and weighting, taking into account a statistical margin of error of 4.1 percentage points for the overall result.

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