

ENTREPRENEURSHIP & INVESTMENT SYMPOSIUM (E6)
Attracting Private Investment (2)

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CLUE TO ATTRACT PRIVATE INVESTMENTS

Abstract

Successful entrepreneurs with a proven track record can have as many problems raising finance for their ventures as can the relative novice. As the space field needs an important fund raising, it is important to examine what financiers expect from it.

Entrepreneurs must demonstrate that they have recognised the needs of potential customers, rather than simply being infatuated with an innovative idea. Business plans that occupy more space with product descriptions and technical explanations, than with explaining how products will be sold and to whom, usually get cold-shouldered by financiers.

Moreover, anyone lending money to or investing in a venture will expect the entrepreneur to have given some thought to his needs, and to have explained how they can be accommodated in the business plan. Bankers, and indeed any other sources of debt capital, are looking for asset security to back their loan and the near certainty of getting their money back. They will also charge an interest rate which reflects current market conditions and their view of the risk level of the proposal.

That's why it is pretty hard to attract private investment in the space field. The development of the space tourism represents the most important part of space field which could attract private funds. As an airline company, the space tourism will rake in a little span of time enough benefit to consider it as a growth market.

We can take as an example the first space tourist Dennis Tito who spent 20 millions of dollars to fly with the Russian space agency and also the hundred of people who have already book for a spaceflight through the company of Sir Richard Branson, Virgin Galactic. At the same time, the strategy of the X prize foundation also contributes to increase the interests for space.

What we need now is to show evidence to people that the space field is a growth market through all companies such as Virgin Galactic or through international competition such as the Google X prize.