

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

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INNOVATION PARTNERSHIPS: STARTUP AND ESTABLISHED COMPANY COOPERATION

Abstract

A key potential contribution of the International Astronautical Federation (IAF) Entrepreneurship and Investment Committee involves facilitation of business relationships between established and startup companies, linking this and other groups chaired by the author. It is generally recognized internationally that startup ventures constitute one of the major sources of business innovation, which in turn fuels overall economic growth. Larger established companies may find it more difficult to be flexible and creative, but on the other hand they have greater depth of human and other resources, as well as credibility in the marketplace with investors, customers, suppliers, and industrial partners. Furthermore, as new companies grow, they generally encounter increasingly complex problems of management, which larger companies have learned how to address effectively. Accordingly, startup and established companies clearly need each other in many cases, and it is in their as well as government's interest to facilitate such interaction. This effort to encourage partnerships includes of necessity an assessment of key issues that promote—or impede—cooperation. One such factor is liability, which can cause established firms to shy away from working with new entrants. In case of mishaps, the larger firms might prove an attractive target for collection of damages by aggrieved parties—even when the larger firm has had no credible culpability for the mishap itself. Contractual, legal, and insurance remedies exist to shield companies from inappropriate exposure to liability risks, and an international dialogue about such issues would be in the common interest. The IAF Entrepreneurship and Investment Committee could serve as a forum for addressing such issues, in cooperation with the International Institute of Space Law (IISL) and other legal organizations. Such an initiative could link with a similar effort already developing in the United States, led by the Commercial Space Group of the American Institute of Aeronautics and Astronautics (AIAA), in partnership with the Emerging Space Markets Working Group of the Space Enterprise Council, within the U.S. Chamber of Commerce. Private investor contacts facilitated by the Space Investment Summit Coalition and allied international groups could also add a vitally important dimension, given that access to seed and early stage investment capital is essential for business startup success. Study groups within a liability limitation initiative would assemble legal experts, business leaders, private investors, academic authorities, and government officials, in a consortium dedicated to breaking down barriers and building bridges, so that integration of startup and established firms can flourish.