

BUSINESS INNOVATION SYMPOSIUM (E6)

Poster Session (P)

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SUBORBITAL POINT TO POINT TRANSPORTATION NEW BUSINESS MODELS-ECONOMIC,
FINANCIAL AND BUSINESS VIABILITY CONSIDERATIONS**Abstract**

We will soon be technologically capable of regular operation of suborbital vehicles providing commercial passengers, cargo and hybrid cargo and passengers (combi) transportation from one point on earth to another. These vehicles will deliver a novel, safe, reliable and legally viable commercial transportation value proposition to both operators (carriers) and contracting third parties (passengers and freight forwarders). However, there is not yet defined specific viable economic and business models in support of a sustainable and growing point to point commercial suborbital transportation industry in support of a small and skeptical yet potentially very large long and ultra long haul subsonic air transportation passenger, freight and combi user market.

This paper explores and defines possible, sustainable and growing economic, financial and business models in support of the new industry catering to a market in search of shorter door to door and air flight times, especially for ultra long haul routes. The study will assume safety, technology and regulatory frameworks suitability, and factor their intrinsic development costs in its cost and pricing methodology below.

The study's methodology will focus mainly on addressing the opportunity cost of time as a guiding approach to evaluate the economic and business impacts of a suborbital point to point value proposition. The study will evaluate baseline costs of transportation per person or per weight and using air and space transportation existing reference operational metrics. Then, the study will evaluate and project the necessary mark ups in support of the business, economic and financial gains required by investors and operators to justify the business cases as proposed to users. Finally, the study will project and assess, using best air and space transportation existing price benchmarks, elasticity methodologies, the cost-benefit to the market, the possible market sizes and its sustainability to close the business case.

The emerging business models will ultimately shed light on and project a credible business case, financial framework, pricing schemes, elasticity definitions, economic impact and potential direct return on investment for all stakeholders; users, infrastructure and service providers.