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ENTERPRISE/STRATEGIC RISK MANAGEMENT IN NEW SPACE: HOW TO EVALUATE
ENTERPRISE RISKS CONCERNING STARTUPS?

Abstract

Startups are not the only ones but the most visible players regarding new space. They try to disrupt the space market with commercially driven business models by compressing the value chain, attacking the price level by introducing new products and new services into a market that is dominated mainly by governmental procurement initiatives. Business Angels and Venture Capitalists back these new incomers basing their decisions on proven evaluation models coming outside of the space industry. As a report from Space Angels Network released in 2017 venture capital investments dedicated to space rose up to 12.9bn. *Since 2009 backing 303 space-oriented companies; among them several startups. For the year 2017 this have been alone* in private equity investment with 112 deals.

It is important for existing space players to have a closer look at these agile and flexible startups that shaken up the very risk averse market of space. Therefore it is crucial for the future of the space industry to understand how these risks can be measured and evaluated. The audience has to be made aware of these new market dynamics, new kind of cross-cultural thinking and the passing of the frontiers from the traditional to the new space commercially driven mindset; not only concerning their risk taking (the so called "risk appetite") but also for the strategic risks that are accompanying them.

But one of the main challenges concerning evaluation is that nearly all of the new funded space companies don't have approved enterprise/strategic or even project risk management methods and tools in place to identify, monitor and track their enterprise/strategic risks, if any tools at all.

But how can a startup be accepted within large, complex space projects without a proven long-term track record and no audited risk management in place? How can you evaluate these kinds of new players in this new market situation? Which kinds of methods exist in order to evaluate these risks that are associated to these new endeavors? How business angels or venture capitalists do judge these risks? What can be done in order to decrease these impacts and to mitigate the enterprise and/or strategic risks? Evaluation models, barriers, challenges will be mentioned from a theoretical but also from a practitioner's point of view.