

IAF BUSINESS INNOVATION SYMPOSIUM (E6)
Finance and Investment: The Practitioners' Perspectives (2)

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START-UP SPACE: GLOBAL INVESTMENT TRENDS

Abstract

Start-up space ventures have attracted over US\$30 billion in investment since the year 2000. This paper identifies and analyzes publicly-reported seed, venture, and private equity investment in start-up space ventures as they grow and mature, from 2000 through the end of 2020. Debt financing, merger and acquisition (M&A), and initial public offering (IPO) activity is also identified where applicable to provide a complete picture of the capital available to start-up ventures in the space industry. Despite the disruption caused by the COVID-19 pandemic, 2020 saw over \$7 billion in financing of all types invested into start-up space ventures, breaking the \$5.7 billion record set the previous year.

This paper identifies over 1,000 unique investors in start-up space firms in the 21st century across six investor types (angel investors, venture capital firms, private equity firms, banks, corporations, and public markets). While early and late stage venture capital has traditionally dominated start-up space, 2020 saw a wave of merger and acquisition (M&A) activity involving space start-ups, driven by an increasingly diverse set of investor types. This paper characterizes the evolving market of start-up space investors, including the advent of special purpose acquisition vehicles (SPACs) as a mode to enable capital access for start-up space firms, as well as the continued global proliferation of space investment activity.

Key questions this paper will address include:

- How has global investment activity in the start-up space industry evolved over time?
- How large is the start-up space industry, in terms of investment magnitude and number of companies and investors?
- How many start-up space ventures have received private financing, and from whom?
- How is investment activity in space start-ups proliferating internationally?
- What types of capital is the space industry attracting year-to-year, and how does that differ by region?
- How much M&A activity has occurred and how does it compare to prior years?
- What impact has the COVID-19 pandemic had on start-up space ventures' ability to raise capital?

The paper is based on an extensive set of validated, publicly sourced investment data covering the past twenty years providing insight into worldwide start-up space trends. This paper seeks to aid and inform decision-making in industry, government, and academia by providing the space community with rigorous analyzes of industry dynamics. Additionally, this paper seeks to educate investors, the aerospace industry, and the wider public about activity in the emerging start-up space ecosystem.