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PROCUREMENT A KEY DRIVER TO FOSTER NEW MARKETS IN THE NEW SPACE ECONOMY

**Abstract**

The past decade has seen a metamorphosis in the space sector, propelled by an unprecedented paradigm shift induced by innovative technologies, new investment philosophy, and geopolitics. In today's economy the importance and role of space innovation, infrastructure and services is often overlooked: space is an invisible backbone to our modern and data hungry economies.

This metamorphosis has witnessed also the emergence of new actors, both public and private entering the field. Today, governments by the size of their investment are still the driving force for RD development and customer of space services and products especially due to their predictable and recurring needs, for instance in Earth observation services. Furthermore, it is often considered that an increase in public sector demand (also sometimes referred to as anchor tenancy) can accelerate private business development and will foster commercial growth of the space sector. There is however difference in the way major space powers stimulate and support the sector and create a new space economy.

The US has paved the way successfully to using new instruments and in particular non-traditional procurement mechanisms to create new markets for crew and cargo services to access the International Space Station (ISS). This led over the years to the development of new capabilities by SpaceX and Northrop Grumman (ex Orbital Science) for cargo resupply and Space X and soon Boeing for cargo missions to ISS. In Europe a similar approach around the same time has had mixed results on its approach focusing on applications-driven infrastructure with the failure of the Galileo concession. Until very recently, the European space actors have focused most of their actions and efforts on the supply-side of products and services rather than on fostering the demand-side of space solutions, and on technology push rather than market pull. This is however changing. Procurement process in the space sector is becoming an integral part of strategies regarding the development of new markets and capabilities.

This paper will present the difference in approaches in the United States and Europe to create new private capacities and will present the on-going efforts on both sides to stimulate innovation by using new procurement mechanisms to drive their ecosystems.