

IAF BUSINESSES AND INNOVATION SYMPOSIUM (E6)
Strategic Risk Management for Successful Space & Defence Programmes (4)

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EDUCATIONAL AND INFORMATIVE INITIATIVES FOR THE DECISION MAKERS, NEW
NEWCOMER VC FOUND AND BUSINESS ANGLES, AS THE KEY FACTOR TO AVOID THE
“SPACE HYPE BUBBLE”. THE CASE STUDY OF SPACE ENTREPRENEURSHIP INSTITUTE

Abstract

The new space market is growing. Each month we can hear about financing rounds for new space companies. The amount of investment is counted in millions of dollars and the willingness to invest is growing among specialized investors as well as newcomers. There is also a visible trend of public agencies entering the space market in search of good deals. As a natural consequence of that tendency and the visible market increase, there will be a time, when investors will start to be interested in the financial results. Those working in high-tech science missions realize, that the physics in space will not change after a nice investment pitch, so finally, the product has to work under high thermal and radiation loads. If after a few years, the millions invested are not paid off, it may come up, that it was a space hype bubble. That situation poses a real challenge not only for the investors but also for the whole sector. If this is the case, the whole space market will get hit, and tax-payers will no longer be so enthusiastic about space exploration. Such identified risks shall be managed. Though it cannot be transferred and needs a proactive approach, it surely can be effectively mitigated. The objective of the paper is to find out an effective solution to minimize the risk of capital outflows from New Space, especially in a volatile market, geopolitical situation and black swans. For that purpose, the authors made research, including performing a set of interviews with the investors to define, what is the key factor they take into account when deciding to invest. The first results show that in most cases the business model seems very attractive and the return on investment is relatively short. Based on these results, a hypothesis can be made that the companies present the picture the investors want to see. It gives a pretty pessimistic vision of the future. Based on this, a conclusion may be made that investors must become an inherent members of the space ecosystem. An example of this approach can be found in space insurers, which have become an immanent part of the space sector by participating in space missions from the design phase to the end of the mission. This approach takes time, high-expertise assessments and in-depth education to raise awareness of the specifics of the space business and the associated risks.