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INVESTMENT MODELS IN THE SPACE MARKET – RISK ANALYSIS APPROACH FOR LONG-TERM PERSPECTIVE INVESTMENT OR SHORT-TERM INVESTMENT APPROACH?

Abstract

The space market is changing year by year. New initiatives introduced by innovative entrepreneurs and scientists are proposed. Each year the attention of investors, which want to allocate their resources to the space business, is growing. In addition to investment funds specializing in the space sector, the presence of venture capital and angel investors who are taking their first steps in the space sector has been increasing recently. However, one can observe in many cases a lack of mutual understanding on the part of investors and New Space companies, which consequently translates into unsuccessful investments, resulting in a loss on the part of the investor, and more than once the collapse of the New Space venture. Does it have to be like this? The authors' goal is to examine the specifics of the New Space sector in terms of the effectiveness of using the support of different types of investors, including institutional and private investors, the expectations of one and the other, and the possibility of reconciling interests and goals. Thus within this goal, the authors shall analyse (1) the business models of a group of investors to define what is their approach when entering the new space market. The purpose of the investigation is to define what is the main business model they prefer and whether they may succeed taking into account the business models adopted by the New Space companies, conditioned by the technological specifics of the sector. Further, the object of investigation is to define whether the business model the investors of the new type assume is optimised for the type of business they are willing to invest in. (2) Another issue worth analysing in order to achieve the objective of the paper is the level of the expected return on investment and also the model of stepping out of the business and verification whether New Space is an investment target suitable for the traditional type of VC investors, what changes would have to take place to make it so (3). The duration of investment in the traditional venture capital model is another issue that may stand in the way of New Space's effective fundraising. Based on the proposed research the authors want to define the best practices, which may be guidelines for the VC or business angels. So the research work will also have a business implementation part, valuable for a broad range of space investors.