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Strategic Risk Management for Successful Space & Defence Programmes (4)

Author: Mrs. Kelli Kedis Ogborn  
Space Foundation, United States

THE GOLDEN TRIAD: RISK, INVESTMENT, AND MARKET HYPE

**Abstract**

There has never been more interest and global engagement in the space economy. 102 countries are engaging with space and everyday more companies, investors, and nations are entering the domain hopeful to claim their place amongst or intermixed with the cosmos. While competition, excitement, and capital are all critical factors to growing opportunities and economic stability in space, an inadvertent consequence emerging is the inverse relationship between the golden triad of risk, investment, and market hype.

The interplay between market hype and investment carries inherent risks for stakeholders. Exuberant valuations may lead to overinflated expectations, resulting in market corrections that impact investor's portfolios and their risk appetite. Furthermore, the variance of risks amongst stakeholders has implications for investment and scalability. The capital-intensive nature of space means that companies heavily rely on continuous funding making them vulnerable to fluctuations in investor sentiment. Additionally, unmet expectations, delays, or setbacks in high-profile projects can trigger adverse reactions leading to financial repercussions for both investors and stakeholders.

As the space economy becomes more interconnected, so must our understanding of these three factors and how we can measure, utilize, and influence signals from each. This paper will explore the relationship of the golden triad and their various facets and create a framework of thinking for how to understand their relationship and calibrate strategies to collectively (and productively) advance the ecosystem.