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INNOVATION & INVESTMENT: HOW EARTH OBSERVATION (EO) CAN DELIVER ON INVESTOR EXPECTATIONS

Abstract

Startups aiming to launch Earth Observation (EO) satellite constellations have received billions of dollars of investment collectively. Early stage ventures from around the world have focused on building, launching and operating EO constellations to provide data, insights and services. There are now more commercial EO constellations in orbit than ever.

Although the number of commercial EO satellite operators has never been higher, investor sentiment has seemingly cooled. According to Terrawatch Space, total investment in the EO sector in H1 2024 $(781mUSD)decreasedby3$

Product innovation and the ability to open up new markets are key to delivering returns in the EO sector. Today, the biggest customers of the EO industry are Government Defence. Providers have geared themselves towards servicing these customers and have not focused on the user experience, sales models and licensing structures that would make their products more appealing to commercial markets. Government Defence are very good customers for any business to acquire, however, they will not enable a startup geared for high growth to scale. The number of opportunities to sell into national governments globally is very concentrated allowing for only a few market winners. Satellite operators need to rethink how they sell, distribute and license their EO products to commercial customers.

Exploring different business models, investing in software and cloud technology earlier, and re-writing End User License Agreements (EULAs) to be more customer friendly, satellite operators could make their products more appealing to the commercial market. Sales strategies such as offering a "freemium" or pay as you go service could help drive adoption. Providing more scalable programmatic services and accessible self service platforms will simplify access to EO products. By offering less restrictive licensing terms, businesses will enable their customers to rapidly innovate. Fundamentally, to drive true mass market commercial adoption of EO products reducing cost, enabling easier access to products and allowing innovators to freely experiment and test ideas with EO data will be key.