

ENTREPRENEURSHIP & INVESTMENT SYMPOSIUM (E6.)
Synergy of Entrepreneurship, Investment, Government, and Industry (3.)

Author: Mr. Max Grimard
Astrium SAS, Paris, France, max.grimard@astrium.eads.net

INTERACTION BETWEEN INDUSTRY, GOVERNMENT, AND PRIVATE INVESTORS : IT IS A
QUESTION OF POSITIONING IN THE VALUE CHAIN

Abstract

There is no single answer to the question about interactions between government agencies, space industry and private investor communities. In particular, the typology and role of these actors is rather different, depending whether a large infrastructure investment is requested to develop a new business, or the focus is on pure downstream services business development.

For the case of large infrastructure investment, the issue for financial investors is generally the huge amount (several Bn\$), the long duration before return of investment, and the risks. Therefore the customer is generally a government, guaranteeing the reality of the market and the revenues (e.g. through long term concession contracts). The manufacturing and service companies are often established companies, due to the complexity of the infrastructure to be developed. The investors are institutional (banks, equity funds, ...) due to the large size of the investment. This is the typical case for the application of PPP or PFI models. Concrete examples will be given (Paradigm, Terra SAR), as well as potential future applications for such schemes.

At the opposite, the downstream market of integrated applications services, very close to the users (either institutional or mass market), is rather unstructured : very different customers with different requirements and financial capabilities, a lot of small services companies (VAR Value Added Resellers), small market segments. This is more an ICT market than a classical space market. If an established space company wants to play in this world, which is interesting in terms of growth perspectives, it shall implement a specific services entrepreneurial subsidiary. The role of the space agencies is to promote the development of these services and to convince the users (in particular non-space government organisations) about the benefit of using space means, through the support to pilot demonstration projects (see for instance the ESA Integrated Applications Promotion initiative). For what concerns the financial investors, this business domain is clearly open to Venture Capital funds, since the investments are not very high.