

IAF BUSINESS INNOVATION SYMPOSIUM (E6)  
Finance and Investment: The Practitioners' Perspectives (2)

Author: Mr. Gonzalo Martin de Mercado  
ESA - European Space Agency, United Kingdom, gonzalo.martin.de.mercado@esa.int

Dr. Stefano Gurciullo  
Spain, etstefano@gmail.com

Mr. Elias Montanari  
European Union Agency for the Space Programme (EUSPA), Czech Republic, elia.montanari@gmail.com

THE ESA INVESTOR FORUM: UNLEASHING PRIVATE CAPITAL FOR SCALING-UP SPACE  
INNOVATION.

**Abstract**

Innovation, defined as the ability to bring products to market, is challenging in emerging industries as sales times and market sizes are uncertain. Access to scale-up finance and market knowledge are essential for success. Industries like Blockchain or Artificial Intelligence benefit of capital coming from financiers with knowledge of markets where these nascent technologies can make a difference.

NewSpace has attracted significant attention in the last years and fits mostly with the patterns described. Nevertheless, it suffers from perceived long development cycles, significant upfront investments, and small markets usually institutional. This makes financiers, in particular private capital, unsure about investing in this industry. Events like the CoVID-19 pandemic have benefited NewSpace: investors have moved capital from affected sectors into long-terms prospects. But as the world comes back into a new normal, uncertainties about investment in Space are also back.

Space relied traditionally on public financing, vertical but small markets with high margins and long-term technology transfer models. NewSpace intends to change all that by broadening the market and provide shorter-term returns. This will be possible only through access to substantial private risk capital. Opportunely there are movements in this direction: some venture firms are adapting their risk appetite to consider NewSpace investments, particularly in the US and Asia; specific private funds are raising space-themed funds, notably in Europe; some public institutions are sponsoring blended grant-equity financing schemes; SPACs have benefited the older NewSpace companies by providing a faster route to public stock markets; holding models are becoming a popular way to raise funds for a mix of companies with different returning horizons. All these instruments are beneficial, but all come down to the same underlying challenge: providing enough capital to sustain operations until NewSpace business models are safe enough for traditional capital means, i.e., private banks, lenders and public markets.

The ESA Investor Forum is a platform offering on the one hand European NewSpace and Space Economy-related ventures access to private risk capital; on the other hand, it provisions private investors with a pipeline of curated Space-related dealflow and a safer place to learn about the opportunities offered by Space-related ventures. The forum has showcased over 100 scale-ups companies, attracted over 150 investors across several industries and has supported USD 105M on venture deals. The ESA Investor Forum is a small endeavour bringing already tangible results within ESA's Agenda 2025 commercialisation strategy.