

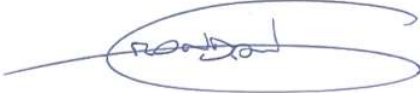


**Space Finance & Insurance HUB (SFIH)**

**Executive Summary Report**

**19<sup>th</sup> of July 2023**

**ESA Contract No. 4000137318/22/NL/GLC/ov**

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## Introduction

In a presentation<sup>1</sup> done by Frank M. Salzgeber<sup>2</sup> at the 2<sup>nd</sup> Workshop on Access to Finance for Space Industry in Brussels on the 3rd of May 2016, Space Community was compared to the Addams Family for the non-space communities: very well and nice together but not realizing that everybody else is afraid of them!



7 years after, the situation is improving but finance community is still afraid by... the (Space) Addams Family despite numerous initiatives supported by ESA and EC in the past years.

Space Cooperative Europe SCE (Germany) with Startin'blox (France) and stakeholders from the finance & (re)insurance community, academia, policymakers and industry joined forces for reducing the information gap and developing an Ecosystem supporting innovative solutions for the Space sector:

- to bring more transparency to this market
- to increase the visibility of the Space-related activities
- to share information about the role of each actor (who is doing what? EC, ESA, EIB, etc...)
- to build a stronger network between SMEs, insurers and investors
- to support deal flow

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<sup>1</sup> See page 15/29 of <https://ec.europa.eu/docsroom/documents/16672>

<sup>2</sup> At that time Frank Salzgeber was working for the Technology Transfer Office at ESA  
<https://www.linkedin.com/in/frank-salzgeber/>

## Overview

This virtual community and knowledge base, dedicated to Financing & (re)Insuring Space-related activities, started as an idea submitted in December 2020 to ESA through Open Space Innovation Platform (OSIP)<sup>3</sup>.

It was selected by ESA, in relation to the “Permanently Open Announcement of Opportunity” of the Discovery Element, in 2021 and transformed into a Space Finance & Insurance HUB (SFIH) study which was kicked-off remotely on the 16th of Feb. 2022 with ESA.

In March 2022, Startin’Blox deployed the initial version of the technical platform “as existing” then started the user requirements and UX research for the next version.

At the SFIH Advisory Board Meeting #2 held on the 24<sup>th</sup> of June 2022, it was announced that SFIH is still the project name but the external offering will be "Space Linkers" with a dedicated logo designed by Susanna Agulló i Giné<sup>4</sup> and selected by the SFIH Advisory Board members.



[www.spacelinkers.finance](http://www.spacelinkers.finance)



[contact@spacelinkers.finance](mailto:contact@spacelinkers.finance)

A flyer was distributed for the first time on the 29<sup>th</sup> of June 2022 at the networking cocktail of the event “Backing the stars of Europe: new horizons for private investment funds” (29-30 June 2022, Paris – France)<sup>5</sup>.

Space Cooperative Europe SCE launched end of June 2022 the technical platform <https://spacelinkers.finance/> and presented it to ESA Technical Officer on 1<sup>st</sup> of July 2022 at the SFIH Progress Meeting #2.

The final review of SFIH occurred one year after, on the 19<sup>th</sup> of July 2023.

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<https://ideas.esa.int/servlet/hype/IMT?documentTableId=45087631478687244&userAction=Browse&templateName=&documentId=b11149d1809f124c448dbfa38bb05a91>

<sup>4</sup> <https://www.behance.net/susannaagullo>

<sup>5</sup> <https://engage.eif.org/investing-in-eu-space/2022-event>

## Building an Ecosystem

In this activity, we developed an Ecosystem related to Finance and Insurance supporting innovative solutions for the Space sector. We worked on several threads in parallel:

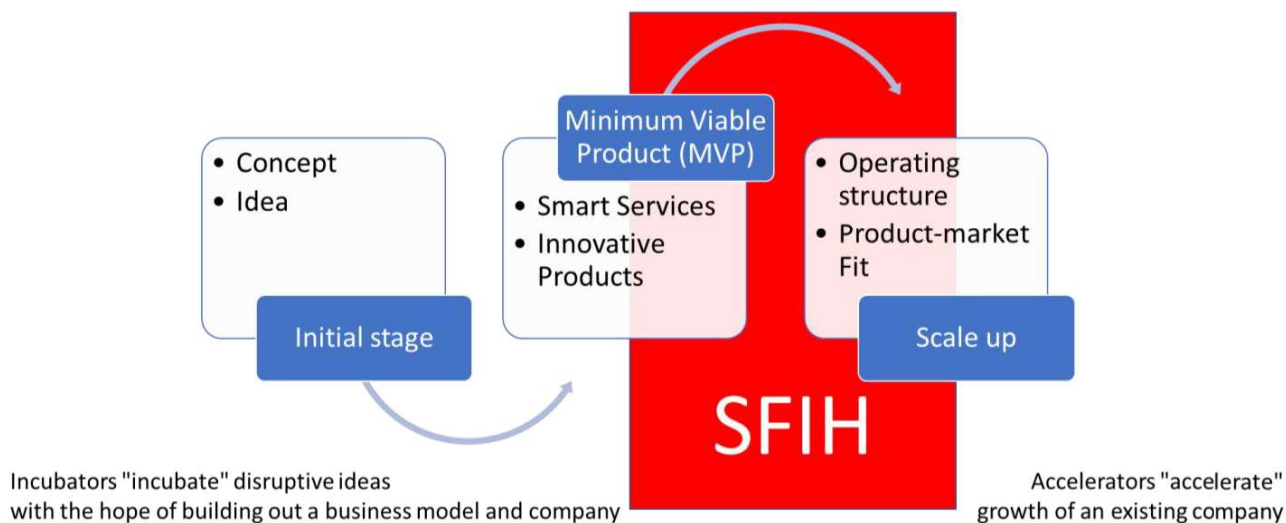
- Advisory Board
- Community Platform
- Community Management
- Outreach
- Business Models

We started this activity from scratch in February 2022.

18 months after, thanks to the work done during this activity, we have built an Ecosystem having:

- an Advisory Board of 23 members representing the whole value chain
- a Community Platform of 84 members
- contacted more than 400 stakeholders across 20+ events, mostly on-site
- a clear idea of the business model to apply in the future

For this activity, in order to be as impactful as possible, we made a conscious decision to focus on existing private companies, already incorporated and having one or several years of operation, having already a Minimum Viable Product (MVP) and willing to scale.



Lots of technology innovation already occurred in the space domain in Europe the past years which is great but not enough. It is time now to stimulate and enable creativity and innovation in financing, insuring and reinsuring space-related activities.

Such a very specific domain is key for the competitiveness of the European space industry however right now, it is extremely fragmented and the communities, space on one side, finance and insurance on the other side are evolving in 2 very different worlds.

Setting up a dedicated Hub for bridging the knowledge and information gap between these communities is of the utmost importance in order to learn and develop innovative financing & (re)insuring solutions for the space sector in Europe, including reinsurance, given the uncertainty surrounding satellite projects and its related insurance costs.

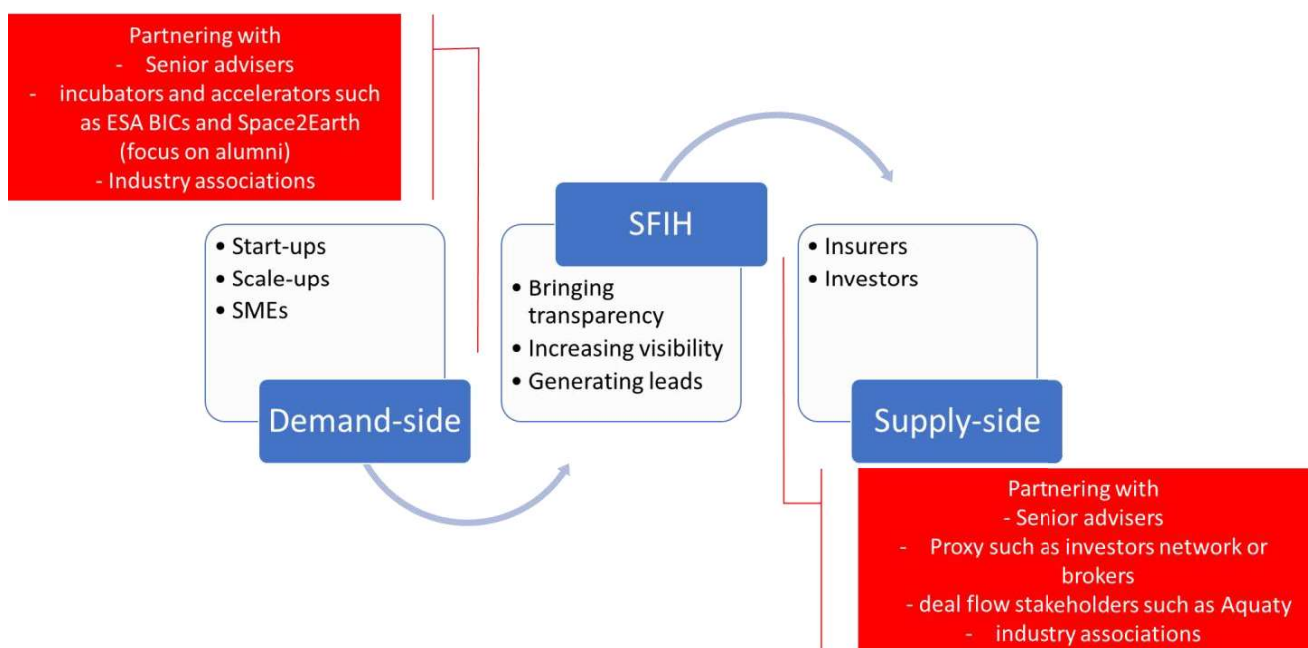
Being a very motivated but small team, we decided to leverage all the relevant existing entities helping us:

- on-boarding entities (Start-ups, Scale-ups, SMEs) on the demand side
- accessing to insurers and investors on the supply-side

We are calling them “proxy”, as described in the figure below in the red blocs and includes:

- Senior advisers
- incubators and accelerators (focus on alumni) such as ESA BICs and Space2Earth
- Industry associations, for instance EARSC - European Association of Remote Sensing Companies
- investors network or brokers, for instance EBAN - European Business Angels Network
- deal flow stakeholders such as Aquaty

The rationale of SFIH is that whatever role a stakeholder has in the value chain, SFHI should bring benefit(s) to this stakeholder so it is all about aligning interests among the various stakeholders.



## Work Packages

The activity has 4 Work Packages:

- WP1000: Project Management including liaison with ESA and SFIH Advisory Board
- WP2000: Implementation of the Community Platform including UX, development, test and deployment
- WP3000: Community Management for making sure the Community is lively
- WP4000: Economic sustainability and Business Models (EBM) i.e. making sure SFIH is self-sustainable

## Outreach

We attended to numerous events (20), on-line and on-site, where we promoted SFIH project and SpaceLinkers Community Platform.

Here below is the list of these events.

Date (for us)	Location (for us)	Name of the event
28 March 2022	EUSPA, Prague (CZ)	Capacity building program for fund managers Episode 1: Infrastructure Lifecycle Support from Space
8 April 2022	On-line	CASSINI Matchmaking: Kick-Off Event
27 April 2022	On-line	EIC funding opportunities for space start-ups and SMEs
29 April 2022	On-line	CASSINI Matchmaking: Webinar on Open Call
2 May 2022	EC DG DEFIS, Brussels (BE)	Capacity building program for fund managers Episode 2: Security and defence (in and from space)
11 May 2022	London (UK)	Space2Earth Sustainable Finance event by Space4Impact
16 May 2022	On-line	XIX ESA Investor Forum
1 June 2022	On-line	Entrepreneurship Day and Capacity building program for fund managers Episode 3: Consumer space solutions: well-being, education and entertainment
29-30 June 2022	Paris (FR)	Capacity building program for fund managers Episode 4: "Backing the stars of Europe: New horizons for private investment funds" will be held on
21 July 2022	Munich (DE)	SpaceFounders Networking Event
28-29 September 2022	ESTEC, Noordwijk (NL)	Industry Space Days 2022
3-6 October 2022	Prague (CZ)	European Space Week 2022
11 October 2022	Antwerp (BE)	Big Score Space Sessions
15-16 February 2023	Cannes (FR)	Health from Space
22-23 February 2023	EC DG DEFIS, Brussels (BE)	3rd Meeting of the European Union Industry and Start-ups Forum on STM (EISF)
20-21 Mars 2023	Toulouse (FR)	Occitanie Invest 2023
23-24 May 2023	Brussels (BE)	4th Meeting of the European Union Industry and Start-ups Forum on STM (EISF)
25 May 2023	Tallinn (EE)	'Backing the stars of Europe – Investor Workshop X CASSINI Matchmaking'
13 June 2023	Brussels (BE)	EXPANDEO 2023
28 June 2023	Prague (CZ)	CASSINI Entrepreneurship Days 2023

## Economic sustainability and Business Models (EBM)

In the next section, we are detailing the insights we got in the past 12 months about 3 complementary types of business models.

### Subscription

As mentioned in the proposal, “after 12-month pilot, we target to sell SFIH as a subscription service.”

It is clear that the usage of the Community Platform by its members is not at all a level where we could sell to them a subscription service. So we should not rely on revenue coming from annual subscription.

### Success Fees

Although we haven't closed yet a deal, we think that we can get some revenue coming from success fees.

For instance, we have an informal agreement to get 20% of the services provided by a partner related to fundraising.

Let's take a real example:

We brought to one SFIH partner a company who is looking for 50M€.

Let's assume the partner is

- finding for the company 20M€
- taking 3% to 7% of the 20M€ for its rendered services

So we can get minimum  $20,000,000\text{€} * 3\% * 20\% = 120,000\text{€}$

This single deal could cover the annual cost of SFIH. It just needs to be closed...

We are currently working on 5 deals, 5 to 10M€ each, so if we are successful, success fees generated by one large deal (20M€) or 2 medium deals (10M€ each) or 4 small deals (5M€ each) could easily cover 12 to 24 months of operation (approx.. 100K€ per year).

### Leads generation (for deal flow downstream services)

We have signed a Preliminary Cooperation Agreement with Aquaty GmbH on the 28<sup>th</sup> of December 2022 and we expect to have it up and running by end of 2023.



## Findings

Since June 2022, we printed 500 SpaceLinkers flyers that we gave to people we met at one or another event listed above. So the transformation rate from 500 contacts to 84 members is 16,8%.

Partnering with ESA BIC or public accelerator is not straight forward because they are not allowed to be paid back for bringing leads. We need to figure out what benefits (in-kind but not money) we can give back to them.

Real serious investors are looking for real revenue, excluding grant and public support. We introduced a number of opportunities to one investor which was very interested in the companies but didn't proceed further for different reasons:

- investing in a listed company is not possible for them
- not enough "real" revenue
- investing not less than 10M€ because the cost of the analysis and due diligence is too high for smaller tickets

There is a real need for 1M€ to 10M€, between seed and series A, very under-addressed by the current players. We gathered in the past 12 months more than 20 requests in that range.

The investors community is still "relationship"-based, very *intuitu personae* and on-line community platform is not its preferred tool.

Investors putting 1M€-10M€ into a company are not keen at all to give whatever fees (retainer and/or success) to third-party, so as the company getting 1M€-10M€. In that context, the brokering model is not obvious.

Since end of 2022, access to capital is more and more difficult so we are anticipating by end of 2023 a number of requests more M&A-oriented than funding-oriented. We are already working on a couple of those.

Related to insurance, there is a real need to find ways to insure "small" assets as revealed in the exchanges on the public circle "Space Insurance - Insurance related to space activities" between a Space SME (Vincent TIGNY - Director, Sales and Marketing - New Space / Instrumentation @ AMOS - <https://www.amos.be/application/space-systems>) and insurer/broker (Dominique RORA - Head of Space Underwriting - France @ AXA XL and Guillaume de Dinechin – CEO @ Aon International Space Brokers France).

## Next steps

Deploying by end of August 2023 the new version of the “Entities” according to the following specifications:

Closing our first financial deal by end of Q3 2023 and making progress on the others by end of Q4 2023.

Signing agreements with Incubators/Accelerators by end of Q4 2023.

Developing links with existing complementary initiatives such as

- ESA Investor Network<sup>6</sup>
- CASSINI Matchmaking<sup>7</sup>
- Space Tech Platform<sup>8</sup>

## Conclusion

From the initial idea end of 2020 to today, it was an interesting journey!

Last month, the French law firm De Gaulle Fleurance joined Space Cooperative Europe SCE, bringing to the Ecosystem legal support related to space activities<sup>9</sup> and deep knowledge on M&A including Distress. We are now fully equipped to offer end-to-end services, from a technical, financial and legal perspectives to various stakeholders along the value-chain.

We are more convinced than ever that SpaceLinkers offering makes sense, complements what is existing and brings value to multiple parties. We need to prove it by end of 2023...

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<sup>6</sup> [https://www.linkedin.com/posts/esa-commercialisation-gateway\\_investor-space-markets-activity-6982989619378171905-yqaT?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/esa-commercialisation-gateway_investor-space-markets-activity-6982989619378171905-yqaT?utm_source=share&utm_medium=member_desktop)

<sup>7</sup> <https://www.cassini.eu/matchmaking/home>

<sup>8</sup> <https://commercialisation.esa.int/space-tech-platform/>

<sup>9</sup> <https://www.degaullefleurance.com/en/space-extraordinary-lever-of-competitiveness-position-your-company/>