

# SME4SPACE

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

### EU-INDUSTRY DIALOGUE

### CONSULTATION ON A SPACE STRATEGY FOR EUROPE

#### SME4SPACE POSITION PAPER

SME4SPACE welcomes the initiative of the European Commission to set-up a dialogue with the European space industry and wants to express its gratitude for the invitation to be part of it.

This is recognition of the vital role of SMEs in our industry.

#### SMES IN THE SPACE SECTOR

SMEs are generally accepted as a necessary contribution to the strength of an economy as a whole and of each of its industries. The space industry is no exception to this rule. The three pillars of this industry (the big companies, the research organisations and SMEs) each play their role complementing each other with their own specific capacities.

However, various difficulties still limit the access of SMEs to space programs. Some of these are inherent to the requirements of a high-risk technological sector such as the space sector. SMEs have of course to deliver products and services that meet the requirements of the sector. No exceptions can be accepted. But the impact of other hurdles can be mitigated:

- The high capital requirements of the industry are of course more difficult to meet by SMEs, especially if they are confronted with an uncertain financial market that is more risk averse than before;

#### **SME4SPACE VZW**

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

- Although part of the administrative burden imposed upon companies in the space industry is inevitably linked to the quality assurance requirements of this sector, the “red tape” remains a constant worry for these SMEs;
- Access to information is key. Whereas sometimes other participants in the space programs can invest in resources to get an early access to critical information, this is not possible at the same level for SMEs.
- SMEs will often act as subcontractors, second - third - or lower tier. This creates a relationship that is difficult to manage and where an important number of critical issues need to be addressed.

These are the specific issues that SME4SPACE sees as the basis for its action. These are also the starting point for our answer to the request of the European Commission to propose priorities for its structured dialogue with the European industry.

### SME4SPACE PROPOSAL FOR PRIORITIES IN THE SPACE STRATEGY FOR EUROPE: COMMON POSITIONS

SME4SPACE first wants to underline that our most important priorities are not different from those of our colleagues: SMEs also want a **sustained public investment** in the space industry both for the support of our R&D efforts and as a client of space hardware and space-based services.

General measures to support the development and sustainability of our sector are beneficial to all parts of it.

#### A BALANCED POLICY

From a specific SME point of view, we do not support specific thematic choices as we believe that SMEs can have a valuable contribution to practically each of the different programmes. But we do

#### **SME4SPACE VZW**

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

want to underline that in order to achieve the overall aim of a competitive and sustainable European space industry balanced policy choices are required.

A **balance** needs to be found between

- Investments in the downstream activities (earth observation, navigation and telecommunication services) and investments in the space infrastructure (launchers, satellites, payloads, ground-segment)

Both parts of our industry are vital to its future and deserve support from the public authorities. Within each part different levels of maturity exist and specific support measures should be envisaged.

- The need for a European independent access to space and the other segments of the industry

Access to space is a strategic issue and although launcher programmes are clearly not the most accessible for SMEs we do support the policy aim of a guaranteed independent European access to space. However, the sums invested should not (to use a quote of a former ESA DG) cannibalise other investment programmes.

- Investments in public programmes and support for new private ventures

New Space becomes part of our daily business at a rapid pace, not only in the downstream activities but also in the more traditional parts of the space industry. Supporting ventures in this environment requires instruments that may be relatively new for the space industry but which are already common practice in e.g. the ICT sector (demonstration, living labs, incubation)

### SME4SPACE VZW

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024

# SME4SPACE

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

### A COORDINATED POLICY

The SME position is probably not much different from other industry positions when we stress the need for an efficient **coordination and collaboration between the different public actors** in our industry.

We can only benefit from a sound common policy between the EU and ESA, supported by the Member States, whereby each contributes its own specific strengths.

The Critical Technologies and Harmonisation processes offer a good basis to start from but it is a difficult exercise for an SME to try to influence this process.

In the meantime, both the EU and ESA are broadening their scope of activities and are devoting resources to the whole spectrum of technology and product development. The EU, mainly through its H2020 programme, is strengthening its support for technology development and ESA is looking more and more at downstream activities. As stated earlier all these aspects need to be looked at but the need for coordination becomes more and more urgent by this evolution.

## SME4SPACE AND SPECIFIC SME MEASURES

### POLICY TOOLS

SME4SPACE appreciates very much **the specific SME support** instruments. These are not seen as a protectionist measure but as a tool for constant renewal of the technological and industrial basis. The very high burden to entry in the space industry and the long lead times are extra arguments for a specific SME policy in our industry.

#### **SME4SPACE VZW**

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

Horizontal actions, such as the SME instrument of the EU, are very valuable and offer excellent, though limited, financial support measures. But the specific needs of the space sector are not always fully understood during proposal evaluation and the instruments available do not necessarily address all the specific hurdles encountered by entrepreneurs in the space industry.

The Commission has, as part of this SME instrument, accepted a higher support percentage for other industries. We believe that the specific situation of SMEs in the space industry justify the application of the same enlarged support measures to them.

The **administrative burden** imposed upon participants in the H2020 projects should not be underestimated. The financial rules together with the annotated Grant Agreement now represent literally 1000 pages.

It should be a constant policy aim of all partners involved to limit this burden and certainly to avoid any increase of it. The use of instruments such as Joint Undertakings or KICs, which sometimes also create a financial barrier, should therefore be limited. These are certainly efficient policy tools but direct membership of it is almost impossible for SMEs.

The direct support to (a consortium of) actors remains the most efficient public innovation policy.

The **Public-Private Partnership (PPP)**, in its multiple forms, is a valuable scheme to enlarge the scope of public support for space programs. However, the risk sharing and revenue sharing that are the basis for a PPP, should take into account the specifics of the sector (building, launching and operating a satellite has a different risk profile than building and operating a highway) and the composition of the consortia.

A tailor-made approach is required here.

### SME4SPACE VZW

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

SME4SPACE welcomes the important role given to **space-based services** in the policy of the European Commission.

These are not only an important driver for growth in our industry but are also a sector where SMEs are a determining factor. Technology development in this sector is therefore also of utmost importance as are the constant efforts of the European Commission to stimulate the use of data and the market development.

The extension of the service development to other subsectors (e.g. telecommunications) should be envisaged.

Finally, SME4SPACE wants to underline that an **interaction with other initiatives** of the European Commission, i.e. with other “Roadmaps” and with the horizontal R&D support measures, can offer new opportunities to the SMEs in the space industry.

## NEW PRODUCT DEVELOPMENT

New product development is key to a viable industry. SME4SPACE would therefore welcome new initiatives to support these developments whereby also technology transfer to applications outside the space sector should be addressed.

Specific measures could encompass

- Support for **feasibility studies**, both at a technical and a commercial level, in order to assess the potential of a technology, product or services offered to the space market or outside the space markets. Such studies would enhance considerably the success ratio of innovation initiatives.

### SME4SPACE VZW

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024

## THE EUROPEAN PANEL OF SPACE SME ASSOCIATIONS

- Support for **demonstrator development**, allowing to develop prototypes of new products and to increase the acceptability of these new products and the attractiveness for new investors. Bridging the gap between industry needs and the technology offered require such demonstrator development. However, although funding such demonstrators does not require important resources, a appropriate funding scheme is lacking.

These two types of support grants could be evaluated and distributed through selected intermediaries to “sub-grantees” as is foreseen for other industries under H2020.

- More in general the idea of a **Space Technology Accelerator**, providing support at an early stage (pre-seed money) supporting the idea creation and development, in close collaboration with existing initiatives is proposed.

June 1<sup>st</sup>, 2016

---

**SME4SPACE** is the Panel of Space SME Associations of the ESA Member States and ESA cooperating States, as well as of EU Member States. SME4SPACE was officially launched as informal group on 19 June 2007 at the International Paris Air Show, Le Bourget, with the signature of a Memorandum of understanding with ESA. In 2011, SME4SPACE was incorporated as a non-for-profit organisation under the Belgian Law. SME4SPACE aims at creating a Space SMEs friendly environment, voicing Space SMEs' viewpoint, interests and needs and facilitating the access of SMEs to space activities. SME4SPACE gathers more than 580 Space SMEs in 20 European Countries with 15 Working Members and 154 Individual Company Members.

### SME4SPACE VZW

Headquarters: Technologielaan, 9 - B 3001 Leuven, Belgium  
Tel: +32 (0)16239549 - Fax: +32 (0)16200621 - [chairman@sme4space.org](mailto:chairman@sme4space.org)  
Op. Secretariat: Via del Tempio, 1 (c/o AIPAS) - 00186 Rome, Italy  
Tel/Fax +39 066869222 - Mobile +39 3312258497 - [info@sme4space.org](mailto:info@sme4space.org)  
[www.sme4space.org](http://www.sme4space.org) - VAT N. BE0837709024