

SME**4**SPACE

**10**  
YEARS

2011-2021

**SME4SPACE** - THE REPRESENTATIVE ORGANISATION OF THE EUROPEAN SPACE SMES

START UP WORKSHOP

# WHAT IS SME4SPACE

- An Association of Associations (registered in Belgium)
- Membership of individual SMEs also possible
- Representing 22 Working Members + 44 Individual Company Members from 30 Countries so far
- Gathering in total almost 800 SMEs (among which 80 Start-ups)
- MoA with ESA (renewed in Feb. 2022)
- Providing feedback to/from SMEs
- Participating in EU/ESA projects

## SME4SPACE launch

On June 2007, during Le Bourget in Paris, ESA Director General J.J. Dordain and SME4SPACE Chairman, Giovanni Sylos Labini, signed a Memorandum of Agreement (MoA). SME4SPACE is launched, even though still as an informal group.

# 2007



# 2011

## SME4SPACE incorporation

On 1<sup>st</sup> July 2011, SME4SPACE is incorporated as not-for-profit organization under the Belgian law.

## New MoA with ESA

During the 2016 Industry Space Days, SME4SPACE and ESA signed a new Memorandum of Agreement (MoA) in order to support the ESA SME industrial policy.

# 2016



# 2019



## The EC recognition

The EC recognised SME4SPACE as a valuable and reliable organisation in representing the SME community's viewpoint.

## SME4SPACE is the representative SME organisation

SME4SPACE is fully involved in all space related tables and discussions both at ESA and European Commission level, providing information and support to its members and SME and start-ups network. MoA renewed with ESA for further 3 years in May 2022 until June 2025.

# 2022



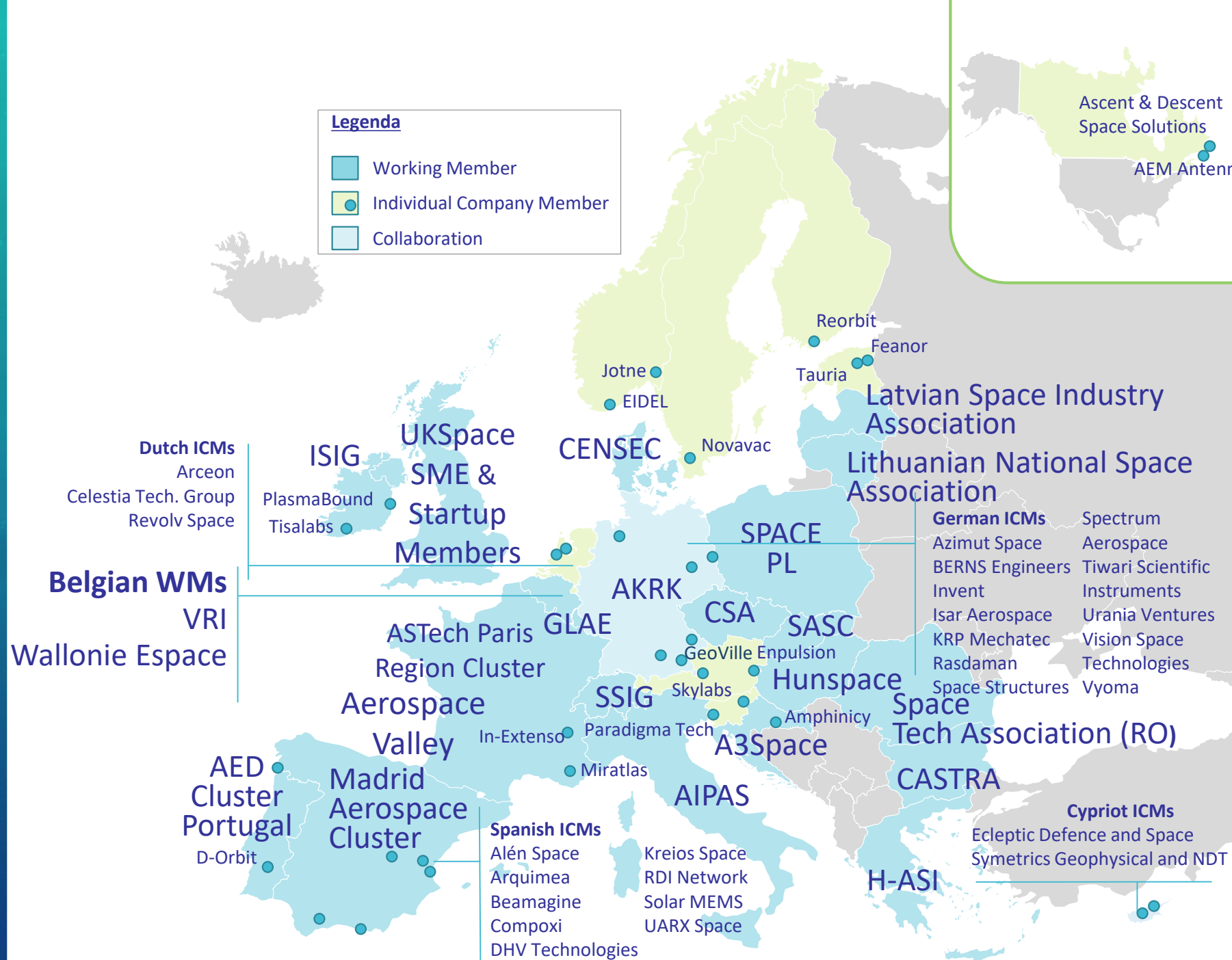
# SME4SPACE MEMBERSHIP FOOTPRINT 2023\*

30 COUNTRIES

22 WORKING MEMBERS  
(WM)

44 INDIVIDUAL  
COMPANY MEMBERS  
(ICM)

SME4SPACE



Start-ups are an essential part of the SME community which is reflected in our membership

- Beware, not all start-ups fall under the EU definition because of the 25% rule
- Definition of start-up? But a strict definition is not so critical, we know what we are talking about

A first count indicated more than 80 start-ups under our membership, and increasing

Why are start-ups critical for our industry?

- Schumpeter's creative destruction was lacking in our industry but is essential for a sustainable, innovative sector
- Traditionally, an industry with extremely high hurdles to entry and few economies of scale
- A lot of "new" evolutions in our sector, culminating in new technological and business paradigms

And lots of interest of ESA, EU, national authorities

Let them put their money...

So we decided than a specific interest should be devoted to this part of our membership

This workshop as a starting point to discuss specific topics and a way forward

This should of course be done in collaboration with YEES

Happy to welcome Juan Tomas Hernani, the Chairman of YEES

General action items for SME4SPACE are relevant to start-ups as well. A non-limitative list:

- Fair treatment of SMEs at programmatic level: give small players sufficient chances, i.e. small programming
- Fair treatment of SMEs at project level: drafting of SOW, proposal negotiation, execution
- Combatting red-tape (e.g. Annex on Classification of Confidential Information, CSR?)
- Fair contract conditions, at ESA and EU level
- IPR
- Trainings, in collaboration with ESA SME Office

(Almost) officially recognised as the representative organisation

- How can we include the needs of start-ups?
- Including them more actively in our process of defining positions
- SPACE Partnership

## Finances (see next agenda item)

- Profitability at project level
- Accessibility of funds, but risk financing and loans
- Inflation policy (exclusion of GSTP, ARTES)

## Small programming

- “Consolidation of offers”, esp. towards EU



## Sustainability of supply chain

- The role of SMEs as subcontractor

- Financing of recurring costs, investments

## Contract conditions

- Protection of background

- Aligning contract conditions with aim of commercialisation

- Risk reserves etc...

The floor is yours....

# EUROPEAN SPACE SMES' FINANCIAL VIABILITY: INSIGHTS AND POLICY PERSPECTIVES

**Prof. Marleen Willekens**  
**Prof. Peter Teirlinck**  
**Prof. Simon Dekeyser**

*KULeuven, Belgium*

**Mr. Jens Kauffmann**  
**Mr. Pablo Marin**

*ESA SME Office*

**Mr. Hans Bracquené**  
**Dr. Rosario Pavone**

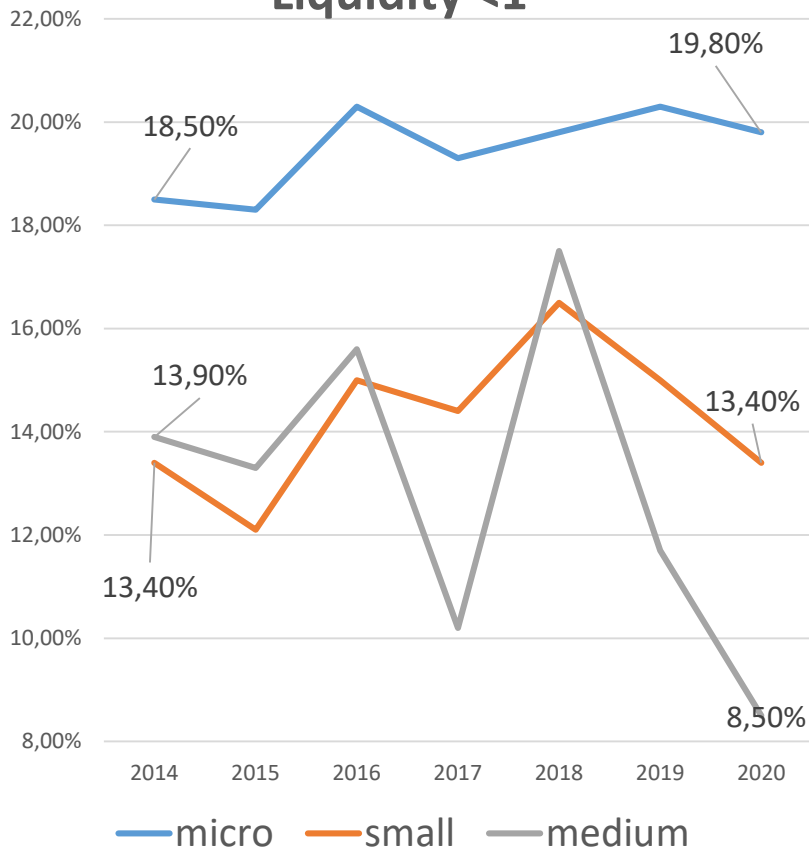
*SME4SPACE*

# Goal and Sample

- **Goal:** Provide a snapshot containing descriptive evidence on the economic and financial performance of the European SME space industry. No causal inferences.
- **Target population:** Companies that fall under the European Commission definition of an SME in the year 2021 and have received public support through the European Space Agency or the space activities in the European Union Framework Programme Horizon 2020. This list is further completed with members of SME4SPACE.
- **Variables:** Financial indicators related to size as well as financial performance from Orbis. Data cleaning procedure.
- **Time period:** 2014-2020
- **Final sample:** 1,637 companies from 29 countries (Micro 56%, Small 34%, Medium 10%)

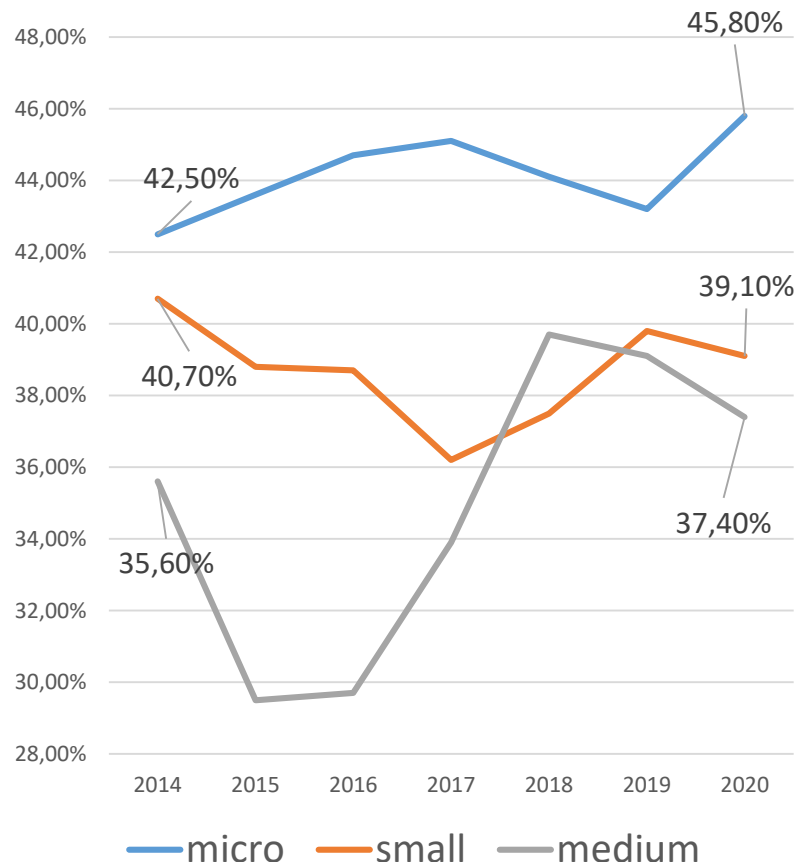
# Evolution Financial Performance

% of companies with  
**Liquidity <1**



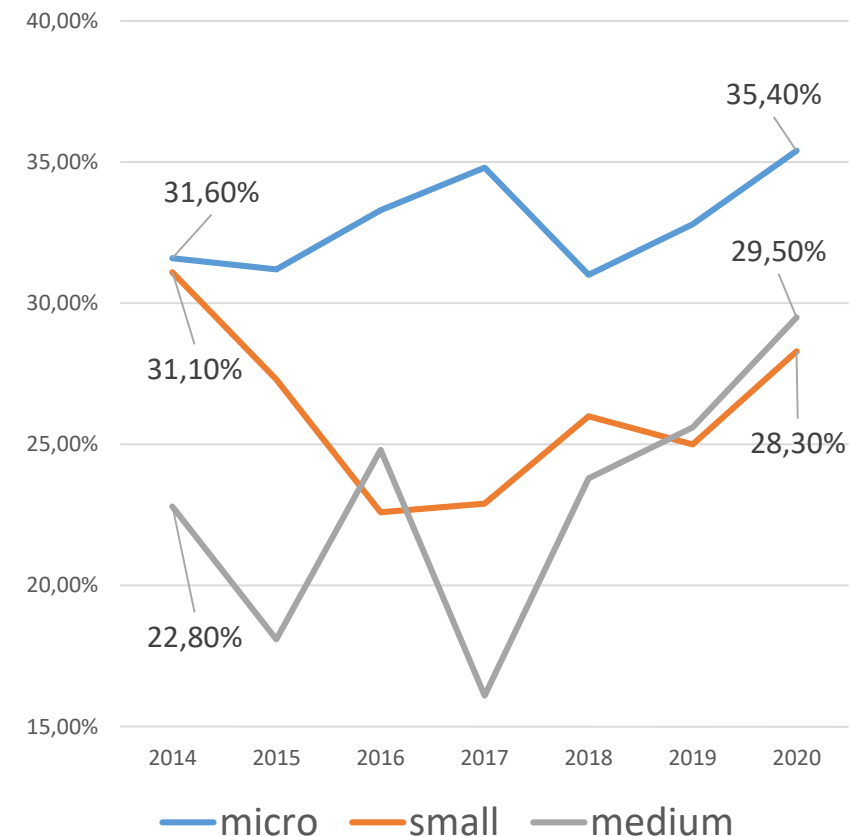
**Median Liquidity 2020 (1.938)**  
 Micro: 1.794  
 Small: 2.043  
 Medium: 1.897

% of companies with  
**Liabilities-to-Assets > 2/3**



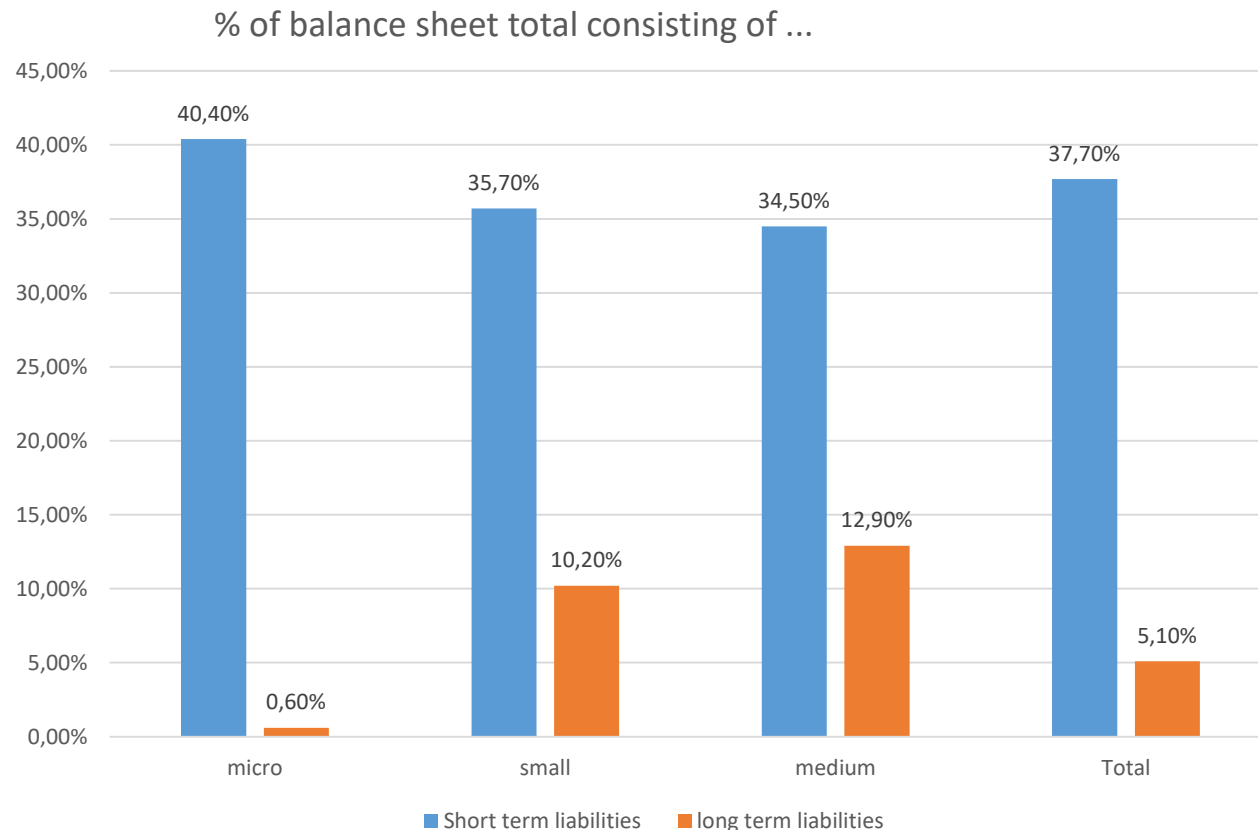
**Median Liab-to-Assets 2020 (58.40%)**  
 Micro: 60.90%  
 Small: 56.30%  
 Medium: 57.80%

% of companies with  
**ROA <0**



**Median ROA 2020 (3.20%)**  
 Micro: 3.30%  
 Small: 3.30%  
 Medium: 3.00%

# Short Term versus Long Term Liabilities



- Limited access to long term debt financing
- Firms without access to long term debt financing are on average smaller
- Firms with “high debt” (>25% balance sheet) in 2019 have higher growth on all indicators in 2020 compared to “medium debt” firms (<0-25% of balance sheet)

- The phenomenon of the so-called valley of death will be studied (having a promising technology but a lack of funding and support for continued development to become commercially successful)
- It will be empirically investigated what
  - the main financial challenges for start-ups are and
  - what the time period is for SMEs active in space activities to cross the chasm and how long the valley of death takes.
  - how much of the promising technologies in SMEs are taken over by other (large) corporations to escape the valley of death.
- This will be done through:
  - Defining a subset of companies to be studied (after having defined the notion of start-up, i.e. by determining a number of years of existence, in consultation with SME4SPACE and ESA).
  - Determining the subset of relevant data (out of the overall study) to address the specific question as given herein.
  - Processing the specific data and drafting conclusions Results and final conclusions

# SME4SPACE TEAM



**HANS BRACQUENE**  
Chairman



**ROSARIO PAVONE**  
SME4SPACE and AIPAS  
Secretary



**KRIS  
VANDERHAUWAERT**  
EU-Liaison Officer



**DANAI BOURNOU**  
Project & Communication  
Officer

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