

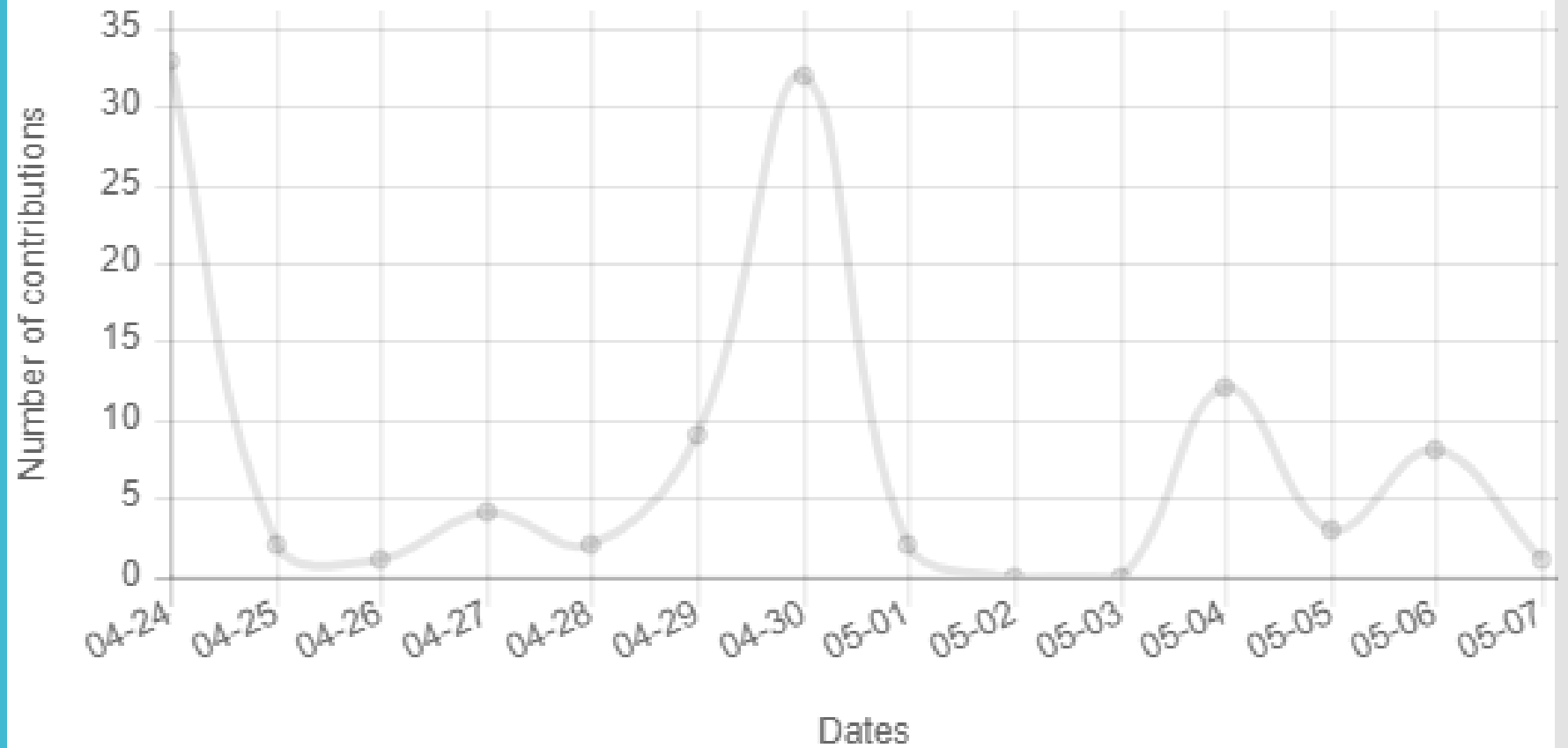
SME**4**SPACE

**SME<sub>4</sub>SPACE COVID-19 Follow on  
Survey Presentation**

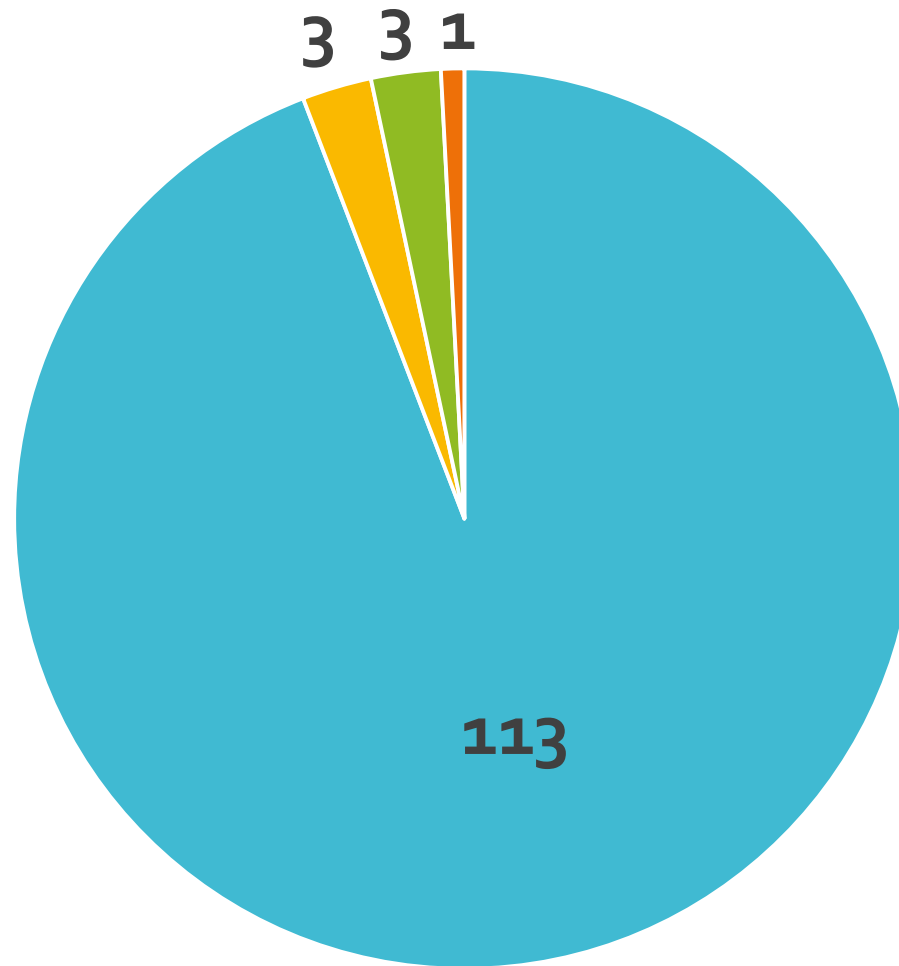
# Introduction

- In the following slides SME<sub>4</sub>SPACE presents the results of its COVID-19 follow on survey to assess the current situation and the impact of the actions put in place by ESA and European Commission to support the European Space Industry (SMEs in particular). The slides contain:
  - A general overview of the responses
  - The evolution of the previous survey results
  - Additional new proposals and most critical issues
  - The complete list of the reactions
- The survey was conducted from 24 April to 7 May 2020.
- The proposed actions may refer to ESA, EC as well as LSIs/Prime Companies, but also National Agencies and banks. Each of them for its competences and responsibilities.
- The survey was distributed to all SME<sub>4</sub>SPACE Members and to our broader mailing list and also posted on the SME<sub>4</sub>SPACE website as well as on LinkedIn and Twitter.

# Distribution of the responses in the period



# Survey total responses



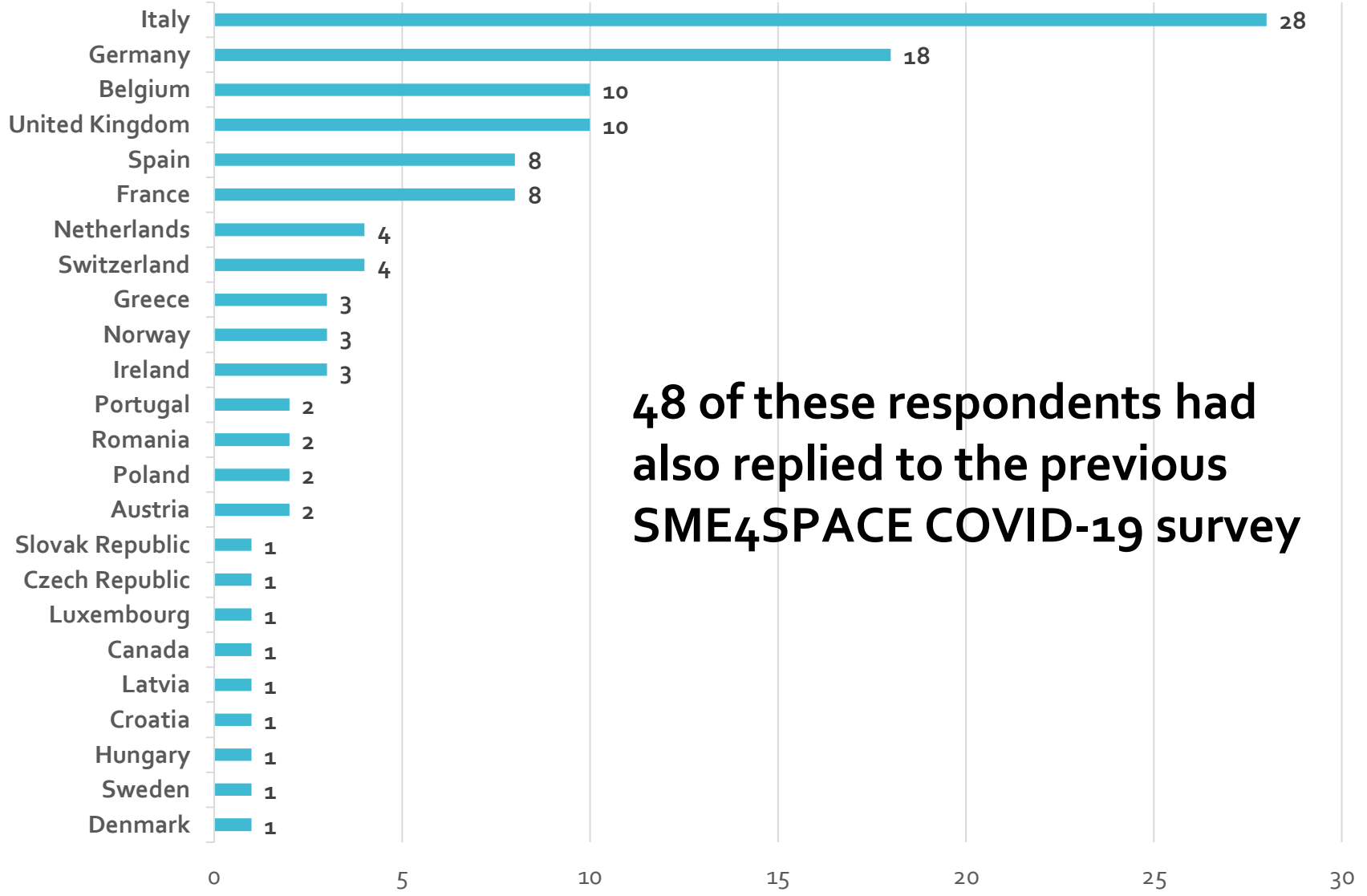
**120** responses in total

- SME
- Large Company
- Other
- Research Centre

Other = Space SME Associations/Clusters

# Responses Distribution per Country (ESA & EC MS + Canada).

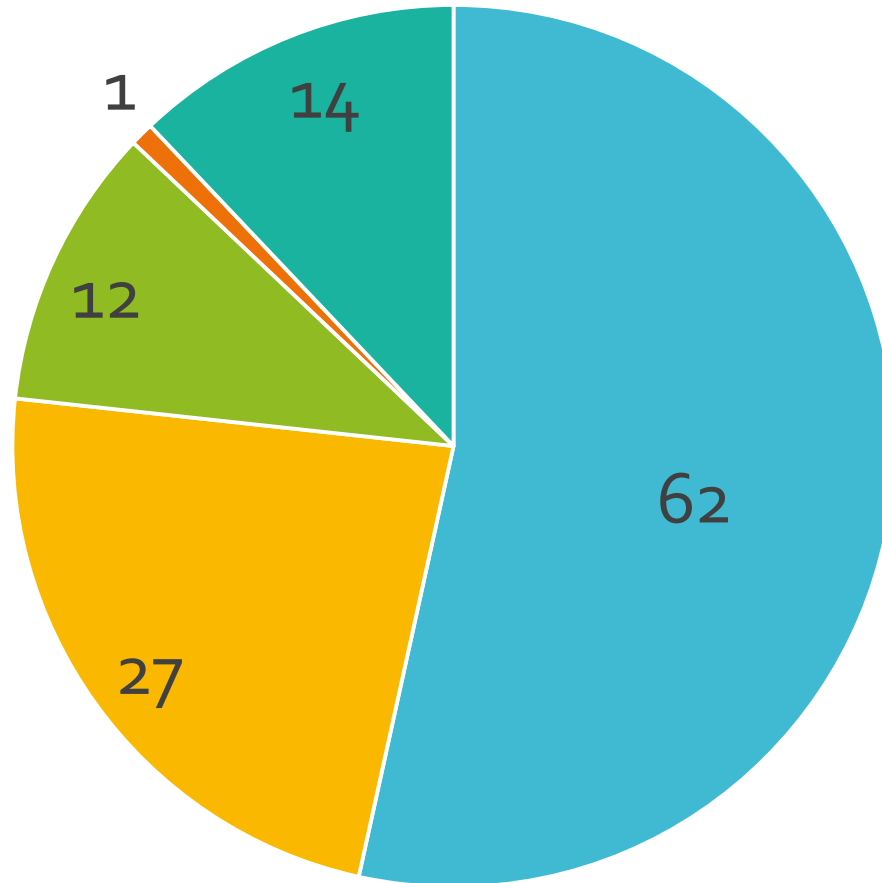
\* Only SMEs and Other (total 116)



**48 of these respondents had also replied to the previous SME4SPACE COVID-19 survey**

# Activity Level

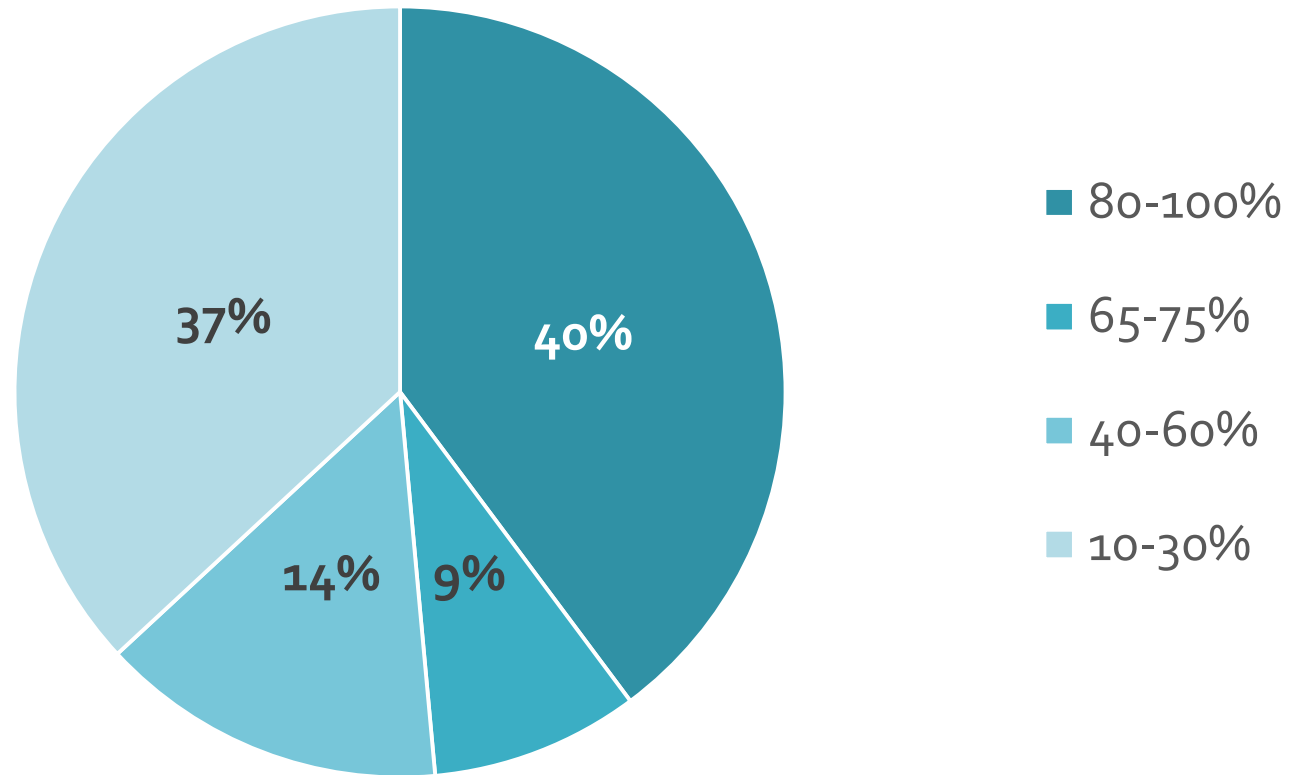
\* Only SMEs and Other (total 116)



- we are open, but alternating teleworking and on site work
- We are closed, with at least some activities performed in teleworking
- we are open and fully operational
- We are closed with no activity (neither teleworking)
- Other

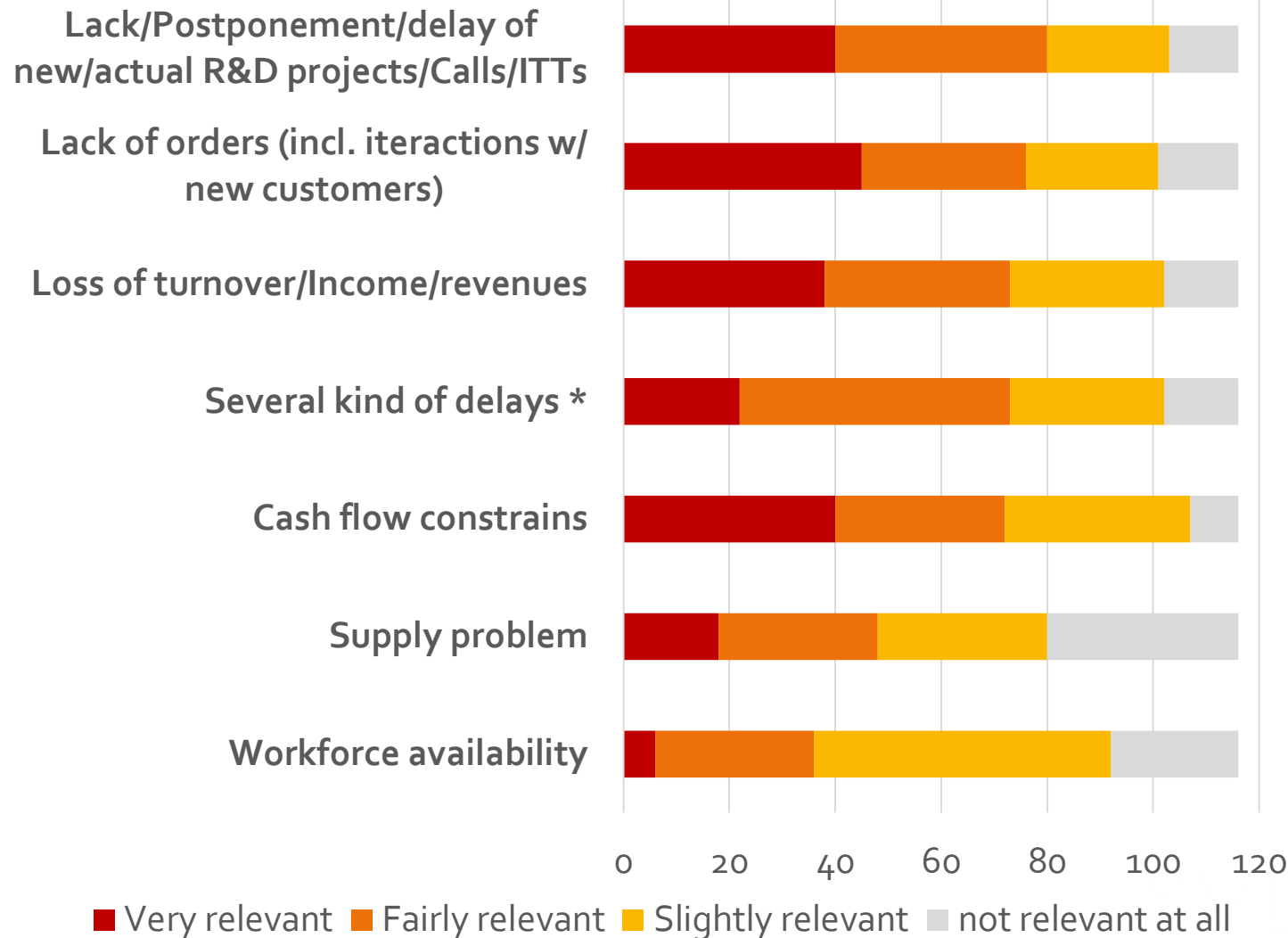
# Number of staff Teleworking

\* Only SMEs and Other and excluding companies that are fully open or fully closed (103 respondents)



# Major problems, already highlighted in our previous survey, that are still a problem for Space SMEs

\* Only SMEs and Other (total 116)



**Follow on survey vs 1<sup>st</sup> Survey**

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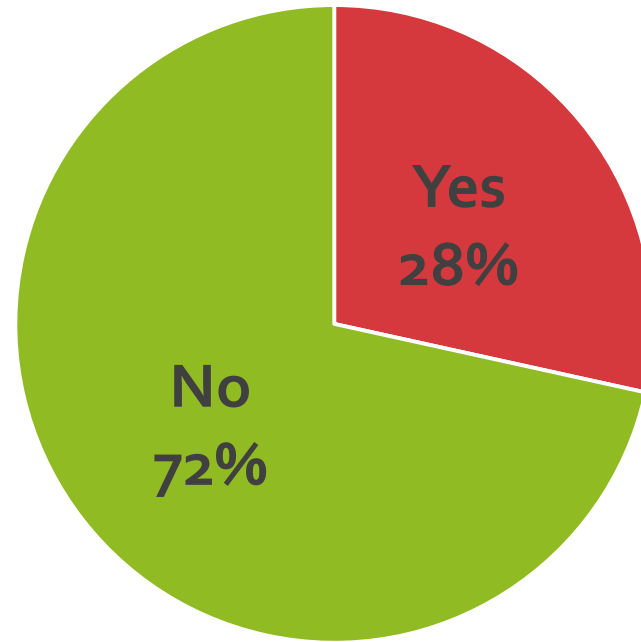
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There is any  
new problem  
your company  
is facing?

\* Only SMEs and Other (total 116)



- 72% of the respondents are not facing other problems than those already highlighted in our previous survey

# Problems encountered (1/2)

\* Only SMEs and Other (total 116)

- "Financial Loss" through inefficiency, more work by supplier/customer problems and delays. This will be visible at the end of the year. I expect 10-20% loss... who shall pay this??? Credits are only a short term measure...
- Call deadlines from EC are being delayed. Without a commitment to evaluate delayed calls in a faster way, this will create a cash issue in the coming months.
- Cash flow
- Delays to BREXIT negotiations increases probability of a disorderly exit at end of 2020
- difficulty in having the people in teleworking do really what you want them to do
- Difficulty to access to the instruments provided by institutions (e.g. ESA) in support of companies affected by the COVID outbreak
- Employees taking the rest of the unused holidays concentrated at the end of the year when the work amount is expected to rise.
- face a long term response to coronavirus
- Internet/telecommunication disruption
- Investors have pulled back from investing in pre-revenue businesses
- lock down caused severe delay in starting projects
- Loss of orders and outstanding payments due to COVID 19 related bankruptcies in NEW SPACE area
- Major customers delaying/cancelling projects.
- Length of time to deliver due to supply chain delays leads to less confidence in near term revenues.
- Delays with release of funding agency calls and slow turnaround"
- no income
- postponement of decisions in running contracts
- problem in acquiring money (banks, etc.)
- Project delays due to cancelled activities for pilot / demonstrations
- Resource problems when new projects will arrive
- severely reduced productivity due to teleworking (no access to lab resources)

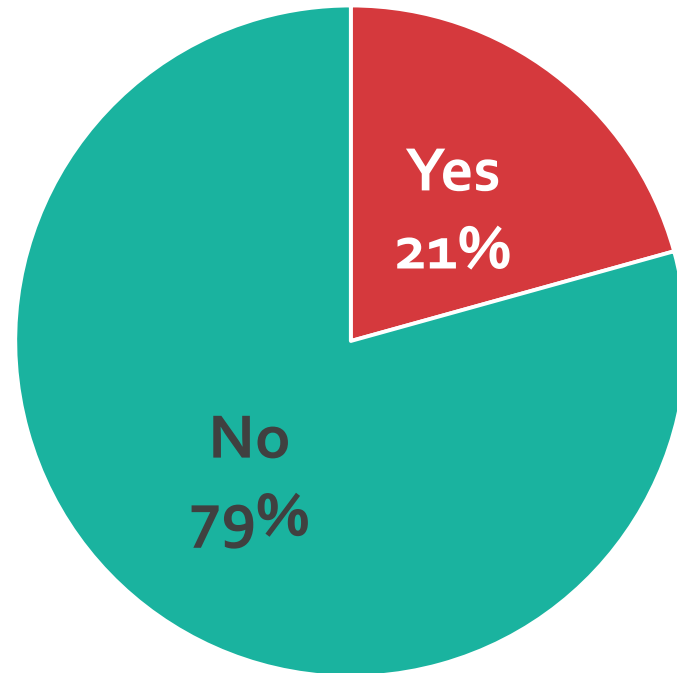
# Problems encountered (2/2)

\* Only SMEs and Other (total 116)

- Slow down in invoicing approval for some of our customers
- Some of the above problems and issues are not imminent, but they could arrive down the line. For instance, many of our projects are long-term commitments and they are running flawlessly. We might run much more into problems like cash flow or difficulties of getting new activities, when the current projects are over.
- We are also expecting that longer-term, i.e. in 1-2 years, there will be significantly less money available in the institutional space market, because the countries are using the money to support their economies more directly.
- A new issue we experience is due to the prolonged home-office situation. Working conditions of our employees at home need to be improved, so we have to provide them with infrastructure (e.g. monitors) and furniture (e.g. office chairs).
- The answers provided in this questionnaire reflect our current status. This might look very different in a year.
- spare parts for machinery and on site support
- The borders are closed. Our international customers cannot participate in the factory acceptance tests that are mandatory for the payment of milestones.
- The main problem will be the cash flow
- Very important decrease of efficiency of the workforce
- we are experiencing a lack of masks, we have ordered some but do not know if we'll get them before the end of the crisis, as they are permanently delayed!.
- This risk to have a very important impact on the possibility of having our employees coming back on site in May.

# Is there any need for new actions?

\* Only SMEs and Other (total 116)



Almost the 80% of the respondents believes that the already proposed actions are sufficient, for now

# Further actions proposed (1/2)

\* Only SMEs and Other (total 116)

- A statement from the major institutional space players (ESA, EC, EUMETSAT) confirming their long-term commitment to space programmes would calm down the industry.
- Allow invoicing of additional cost due to COVID 19 related delays and losses in efficiency (higher effort in partner interactions (unavailability, travel restrictions,...), telework, availability of personnel... we estimate a loss in efficiency of 20-30 % causing losses in all running activities
- CCN options supporting added cost due to delay of project
- COVID will cause a financial crisis , fears are on exchange rate ( in our case CHF & PLN) after analysis contractual escalation formula's are no more an adapted tool to losses due to penalising exchange rate. Index do not reflect the reality of costs evolutions. A documented analysis is available at our level
- Covid-19 is requiring unexpected costs to keep efficiency as close as possible to previous nominal situation
- digitalisation of all procedures
- Extra workload requested by primes in order to report on Covid-19 crisis management and contingency/recovery plan to implement
- Financial Immediate Income Aid (to cover the loss and the low efficiency)
- Increasing the advance payment for SMEs, partial payments, etc.

# Further actions proposed (1/2)

\* Only SMEs and Other (total 116)

- Keeping the priorities of the green deal
- New ambitious projects involving European SMEs
- Open the borders. Allow travel, we need to see our customers
- Pre-revenue SME support has been almost non-existent. Almost all the reasonable support packages are for revenue generating businesses. When the support comes it is too little e.g. EUR250m and absolutely unattractive - almost better for some firms to go out of business than e.g. accept 41% annual interest (!) in the UK Future Fund case.
- Procedure simplification for accessing the measures to support companies. Advance on the future payment milestones.
- Relaxation/removal of state aid rules for bodies supporting SMEs. this adds bureaucracy and delay. Excellent funding solutions are stopped by rules intended for normal trading conditions and targets at multinationals rather than high technology developing (often pre-product) companies.
- small contracts with clearly described RTD content to SMEs (single contractor or collaborations) granted by ESA and national agencies

# Which situation is your company in?

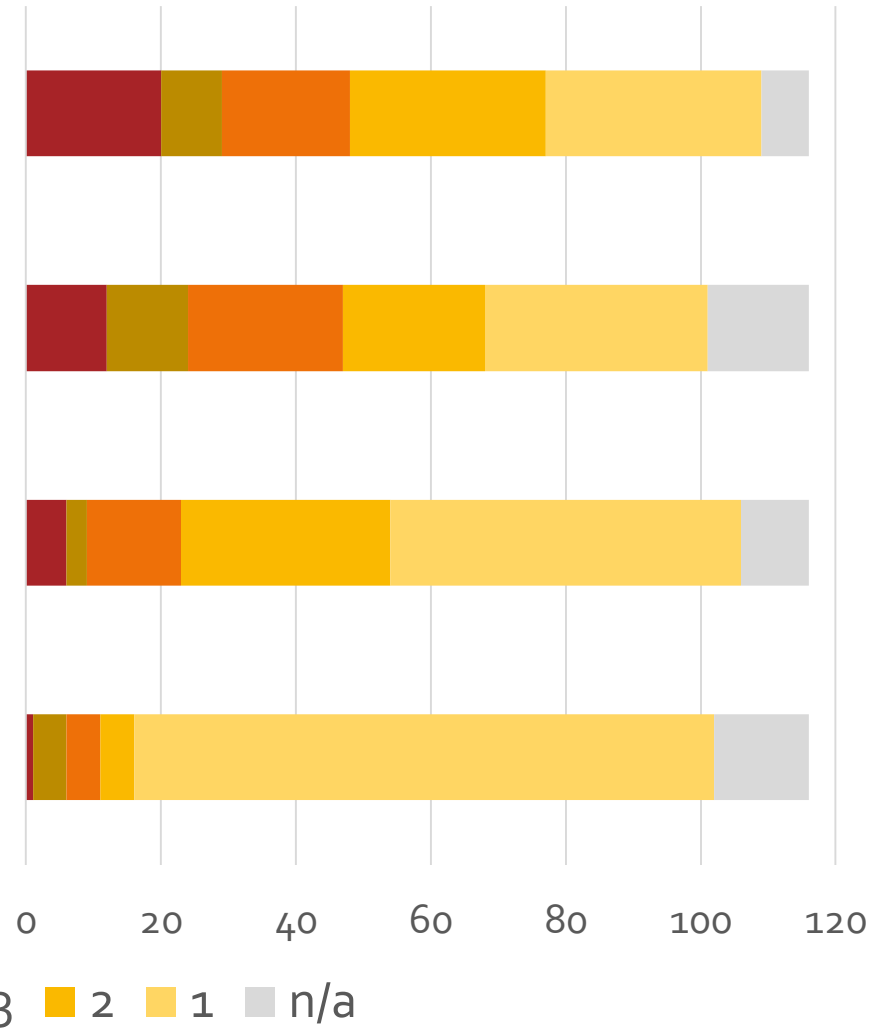
\* Scale from 1 to 5. (5 = very much affected ; 1 = not affected at all; n/a = not applicable)  
Only SMEs and Other (total 116)

we can manage to be operative for no more than 3 months without additional capital

we are participating in publicly funded research, development and innovation projects, however we are not able to perform all the foreseen work

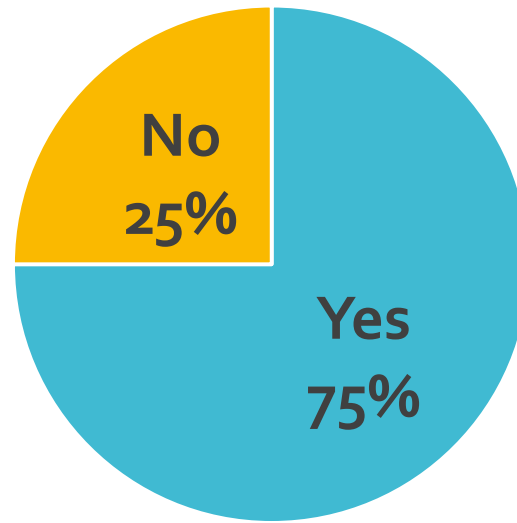
we will reduce the workforce in 2020

we had already to lay off employees



Are you aware of the measures put in place by ESA, European Commission or your National Government?

\* Only SMEs and Other (total 116)

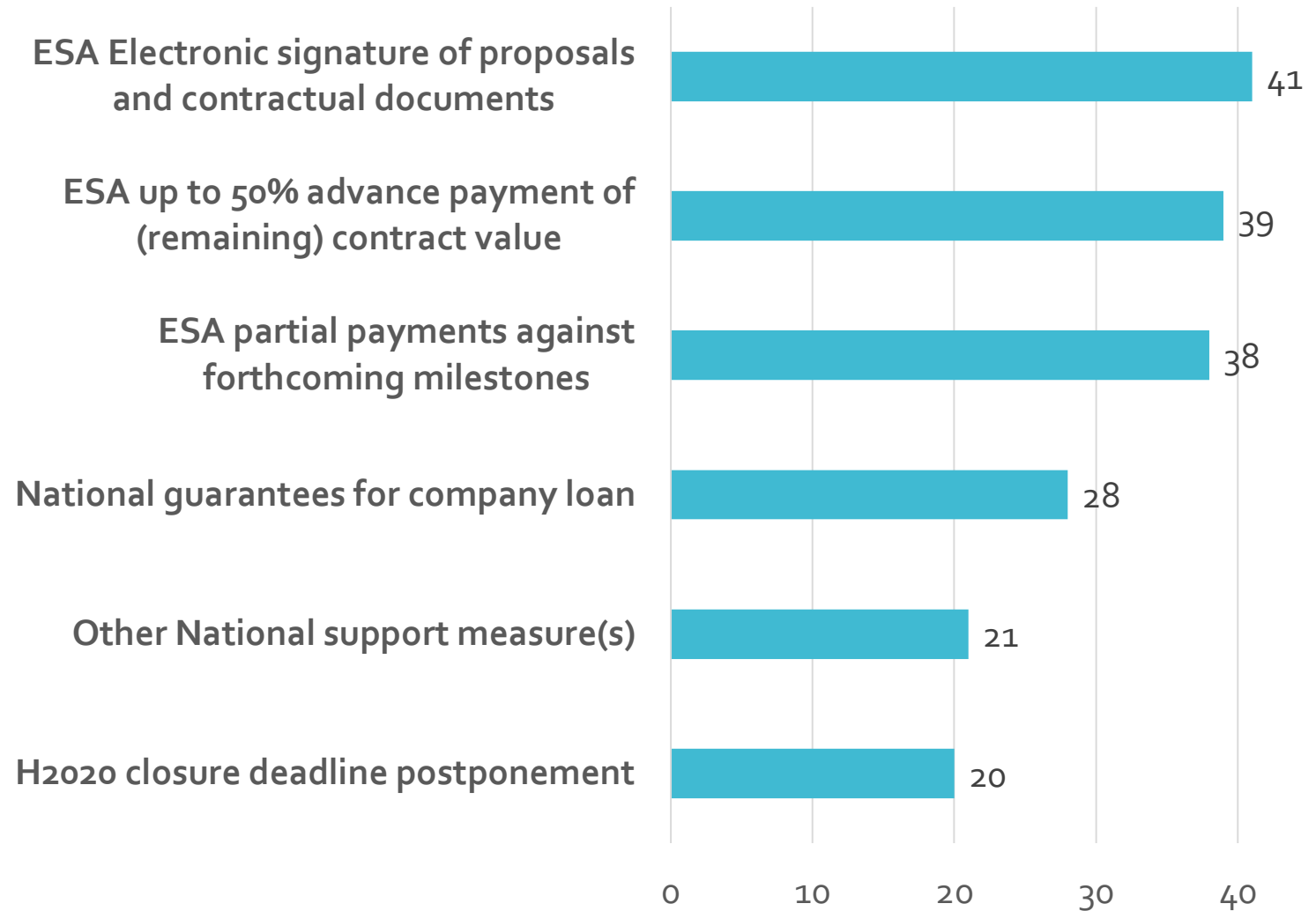


Only a quarter of the respondents is not aware of the measures put in place by ESA / EC and National Governments



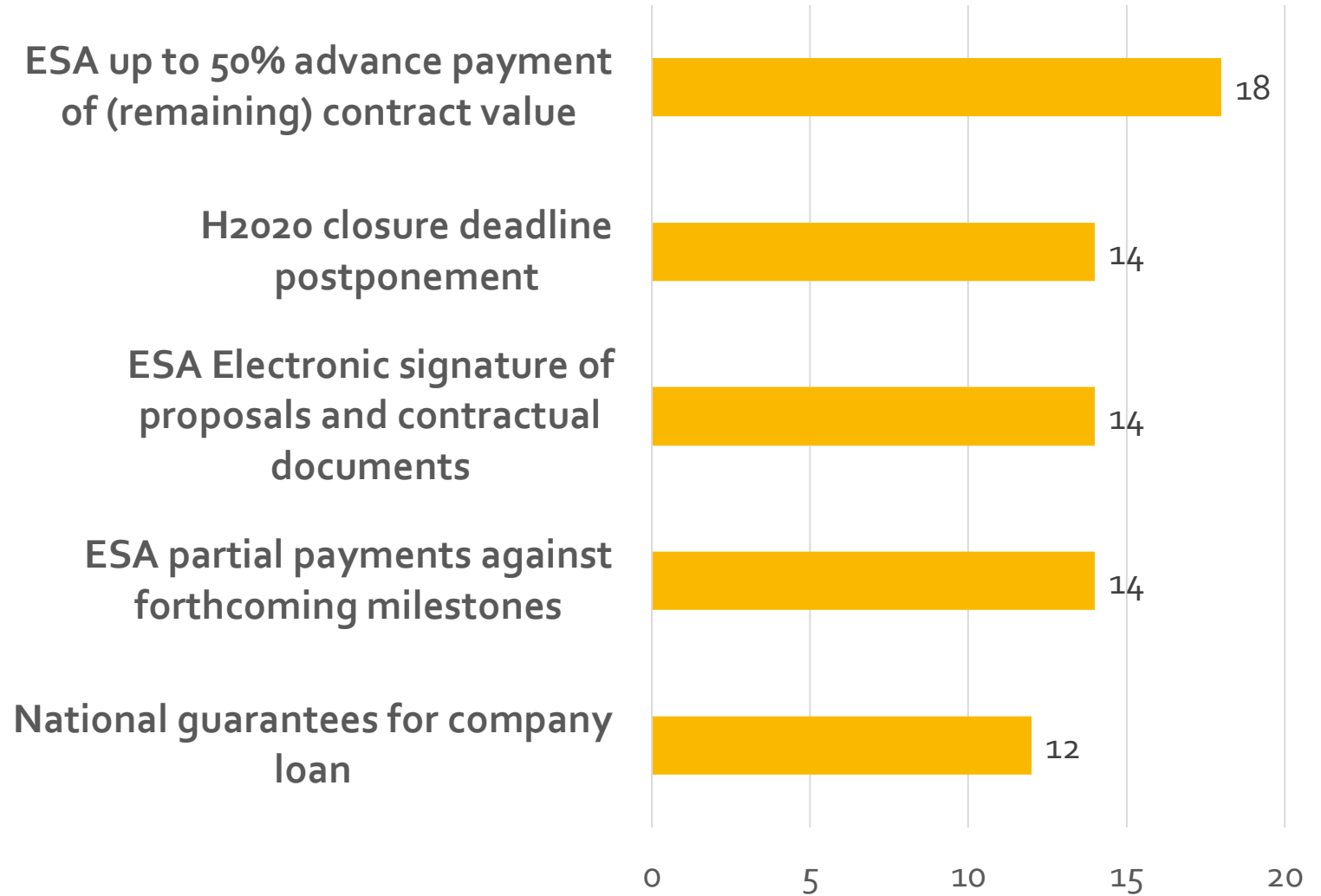
# What newly introduced ESA, European Commission or National Government measures have you used or will you use?

\* This question was asked only to those who were aware of the measures put in place



# Which ESA, European Commission or National Government measure do you find useful?

\* This question was asked only to those who were not aware of the measures put in place



# Conclusions

- Only a very limited number can continue its activities unaltered, teleworking widely used;
- Existing problems remain (cash, supply chain and labour force), but anxiety over the future emerges as the new main issue (continuity in public programs, orders);
- Companies would like to be reassured by European Institutions (EC, ESA, etc.), possibly with new and ambitious programmes and activities and with statements on confirmation of their long-term commitment to space programmes;
- Lay-offs become a big risk;
- Measures taken are well known and widely used.

# SME<sub>4</sub>SPACE FOOTPRINT IN EUROPE 2020\*

\* Provisional



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