

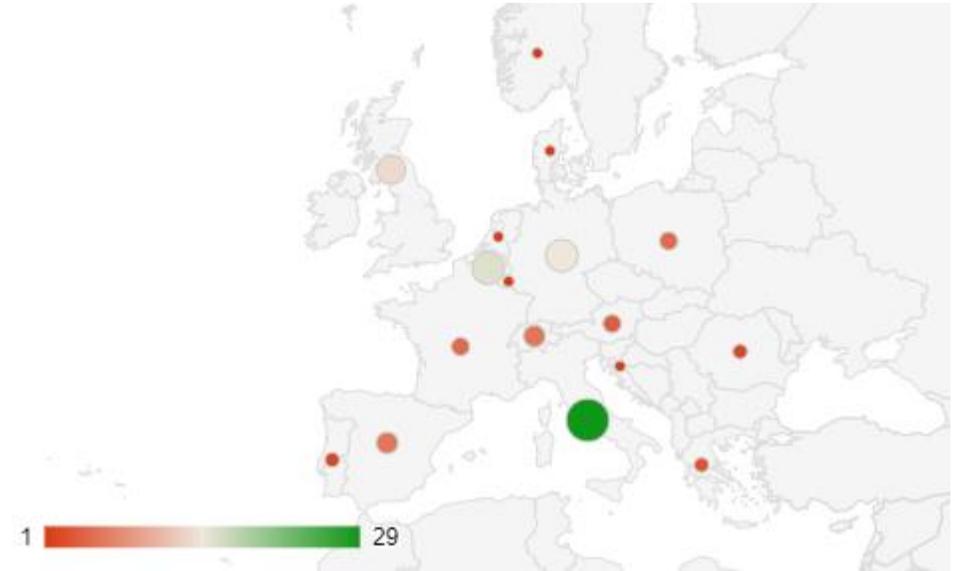
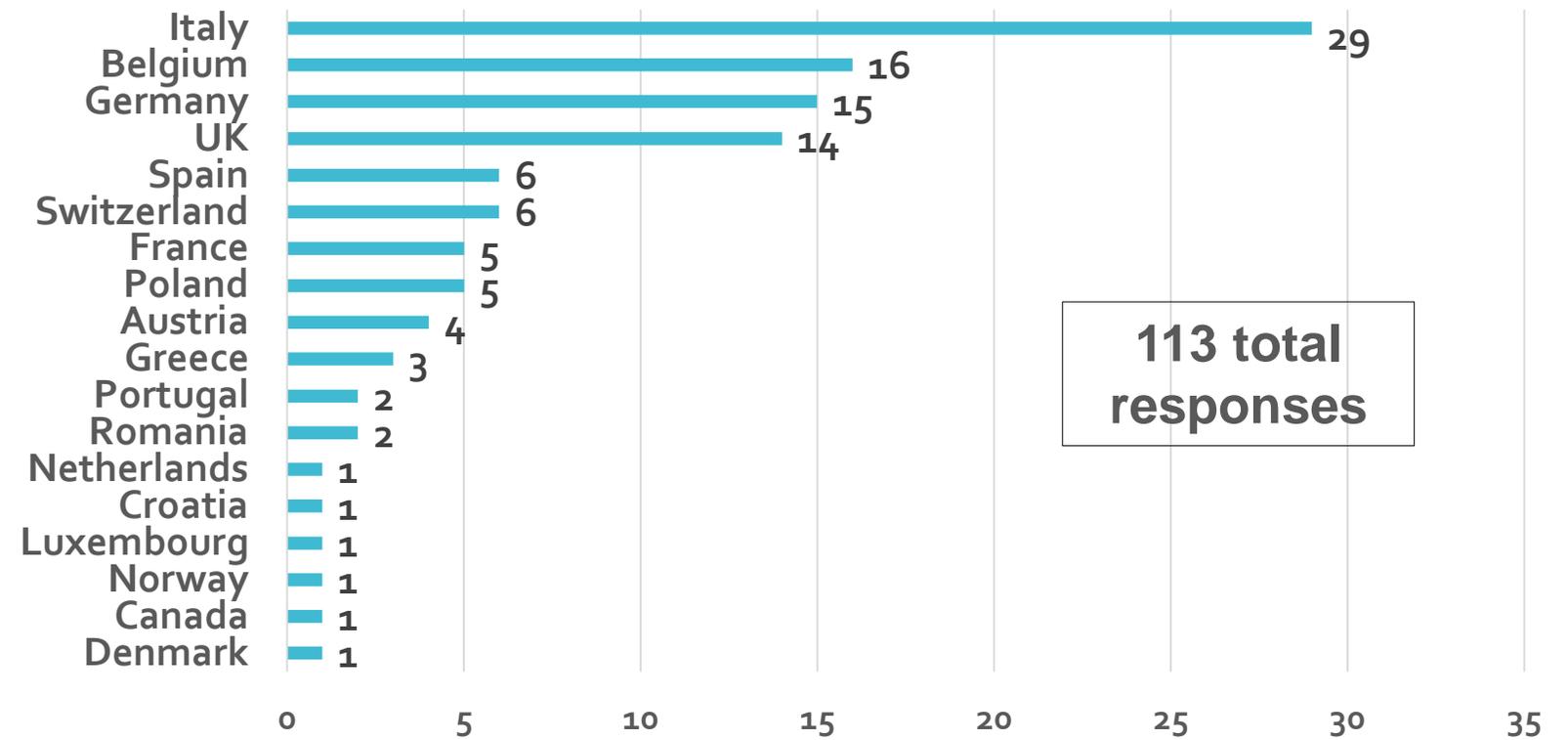
SME**4**SPACE

**SME₄SPACE COVID-19 Survey
Presentation**

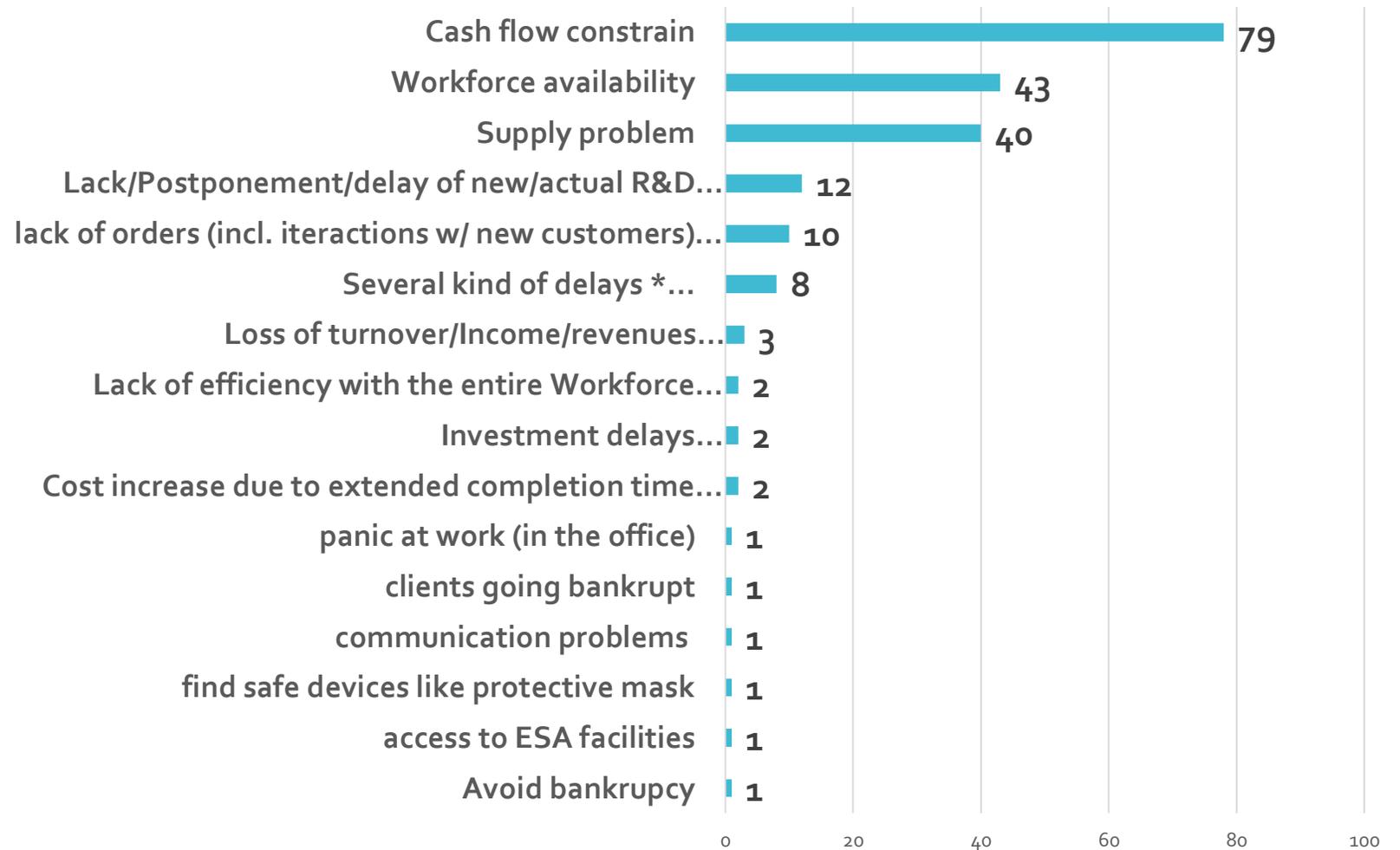
Introduction

- In the following slides SME₄SPACE presents the results of a survey on urgent actions/needs and concerns of the European Space SMEs. We give
 - A general overview of the responses
 - The main proposals and most critical issues
 - The complete list of the reactions
- The survey was conducted from 20 to 24 March 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 SME₄SPACE Members and to our broader mailing list and also posted on SME₄SPACE website as well as on LinkedIn and Twitter.

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

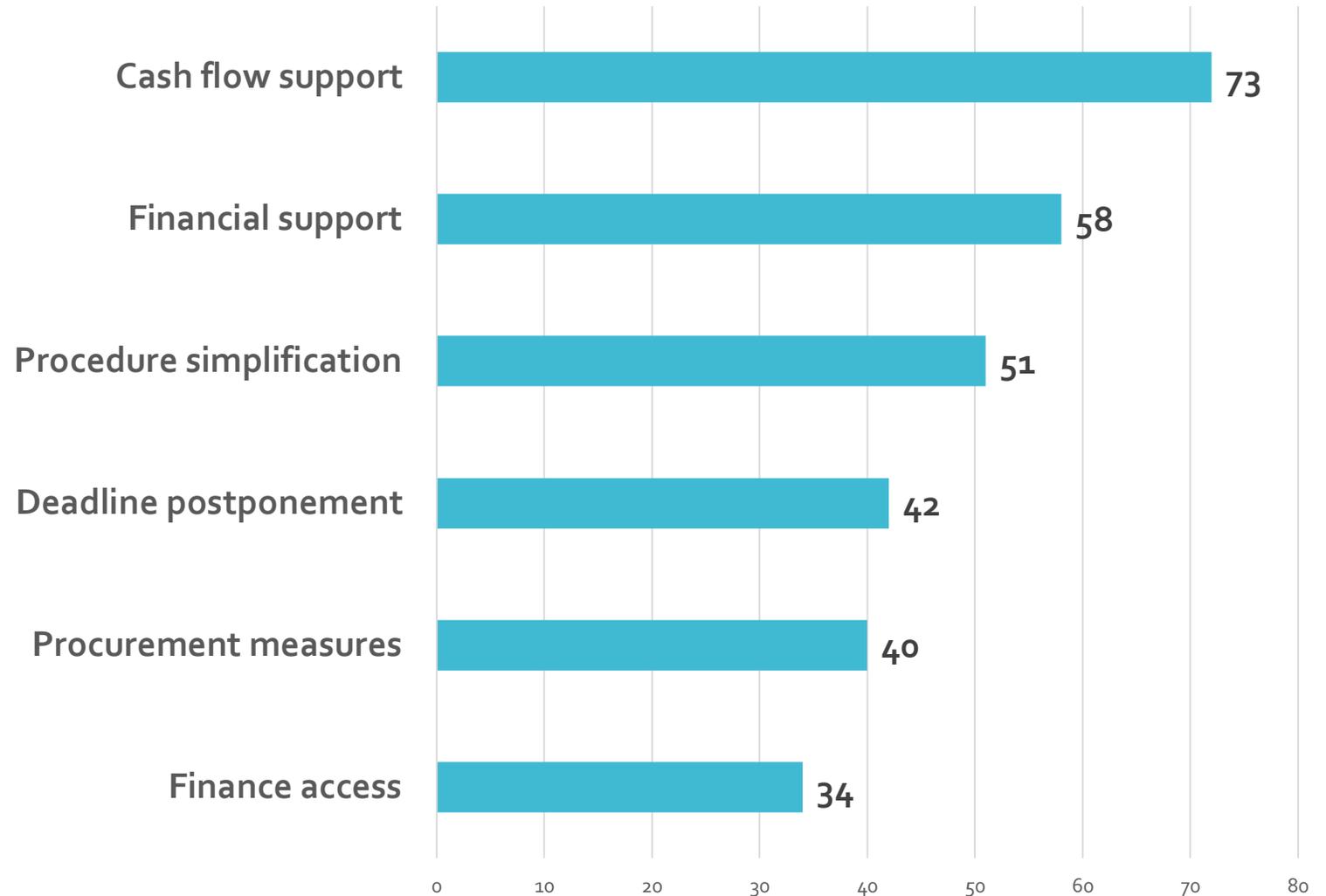


Major problems that European Space SMEs are facing



* (incl. launch delay, inability to provide/receive services, to delivery/invoicing, etc.)

Most frequently proposed actions



Most Urgent Actions requested by European Space SMEs (1/4)

- **Advance payment increase** (even at milestone level and after the project start)
- **Faster Payments**, also by Primes
 - allow payments after approval is confirmed, without waiting for supporting documentation
 - also on partially achieved Milestones;
 - no delay in the payments. SMEs to be paid in 10 days (also by LSI/Primes)
- **Flexibility in the scheduling**
 - To extend projects duration
 - Allow CCNs in ESA projects for additional costs caused by the current situation
 - Anticipate payments, review Milestone Payments Plans, fractionating milestones
 - Neutralization of contractual penalties

Urgent actions requested by European Space SMEs (2/4)

- **Financial support:**
 - Space Dedicated Venture Capital
 - Short term loans and R&D grants;
 - give SME access to credits
 - Enable full tax deduction for capital increase by current shareholder(s)
 - Intervention of Government and European Institution in support to SME in term of Funds.
 - Funding support to maintain economic viability
 - Financial support to help start-ups/SME's cover staff costs following contract cancellation and delayed investments.
 - EC to keep level of budget allowed to Space for next years. Decisions have been taken based on this. A reduction of the budget allowed would be a disaster for our business.
 - ESA and EC can easily release payments on already implemented grants / contracts / project milestones early

Actions proposed by European Space SMEs (3/4)

- **New launch opportunities**
 - Rapid access to launch sites
- **New ITTs/activities:**
 - Advance all the Design Phases for the next Missions (that allow remote work).
 - quickly start a process of large innovation projects in which 80% must be reserved for SMEs
 - Involve more SMEs.
 - ESA/EU to grant the unfunded proposals/bids, even though well evaluated, for budget shortage
 - extensions/ add-ons for current contracts with public agencies (CCN in ESA words)
 - EC push to Regions for fostering and simplifying procedures relevant to R&D and innovation projects
 - more openness on applicants' profiles

Actions proposed by European Space SMEs (4/4)

- **Quicker and simpler procedures**
 - selection procedures, time to contract, CCN, TEB and IPC's decisions
 - speed up administrative procedures related to projects already positively evaluated but not awarded yet
 - ESA to provide delegation or remote attendance for hardware inspections and project review
- **Simpler and faster access to GSTP** for SMEs from MS
- **Working Safely**
 - to provide adequate protective device to employ who need to be in the company since some job cannot be done in smart working

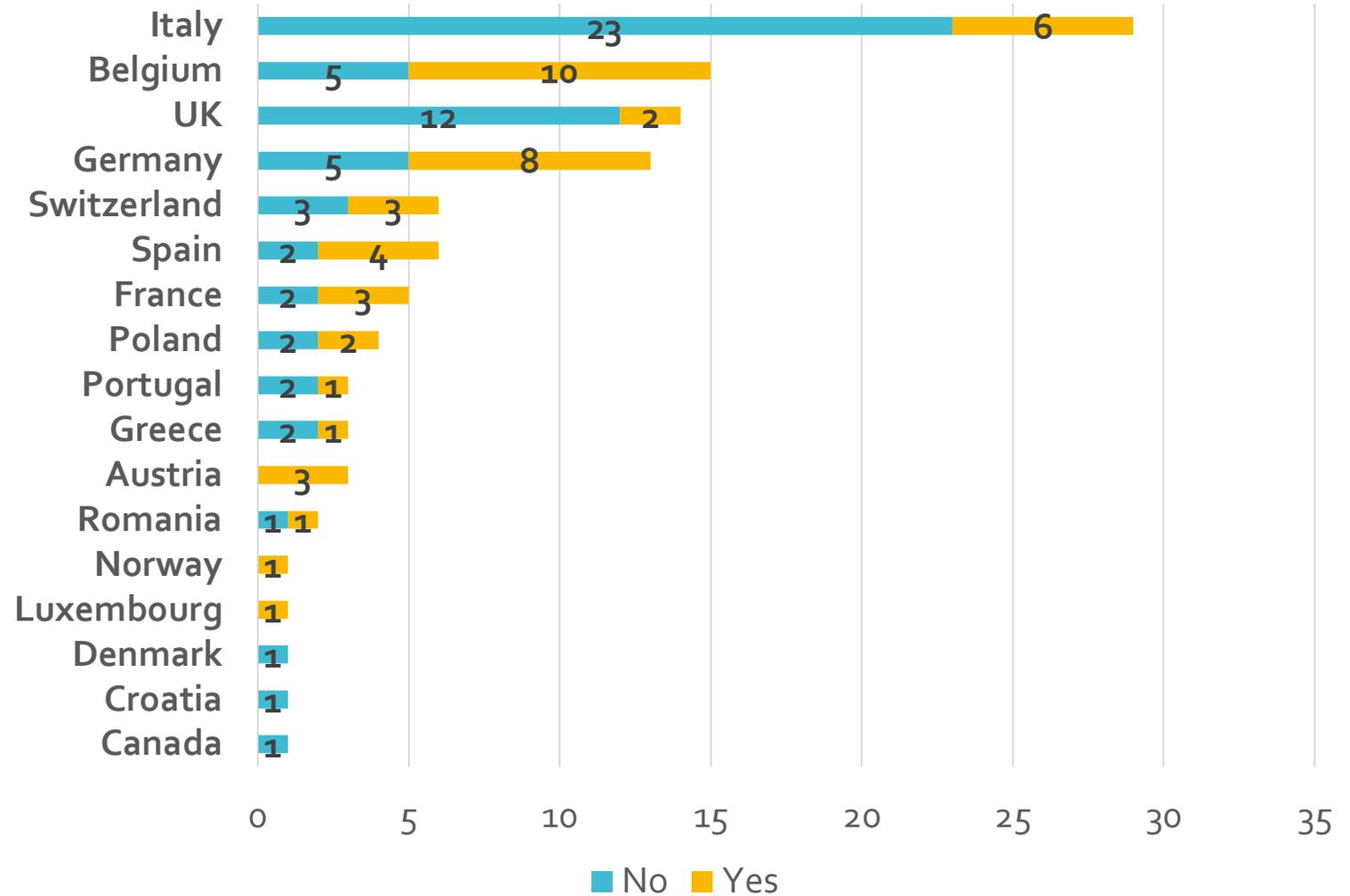
Concerns of European Space SMEs

- Delay in accomplish milestone
- Demand crisis
- Hygienic protective measures
- Investors are delaying decisions
- Large space customers are delaying decisions on space system purchase and R&D
- make sure that there will not be any disruption in internet/phone...services

Needs of European Space SMEs

- Access to ESA facilities is currently severely restricted
- Clear and quick instructions on how to access the new measures
- financial assistance required, e.g in the form of loans
- Improve liquidity of the company
 - Facilitate Loans/ Grants until liquidity returns to the Financial Markets
- Primes or LSIs shall continue as much as possible with their activities. Their labour stop forces SMEs to stop.
- To extend projects duration in order to complete the activity.
- To simplify the milestones procedures.

European Space SMEs awareness of National measures tackling the specific situation (1/3)



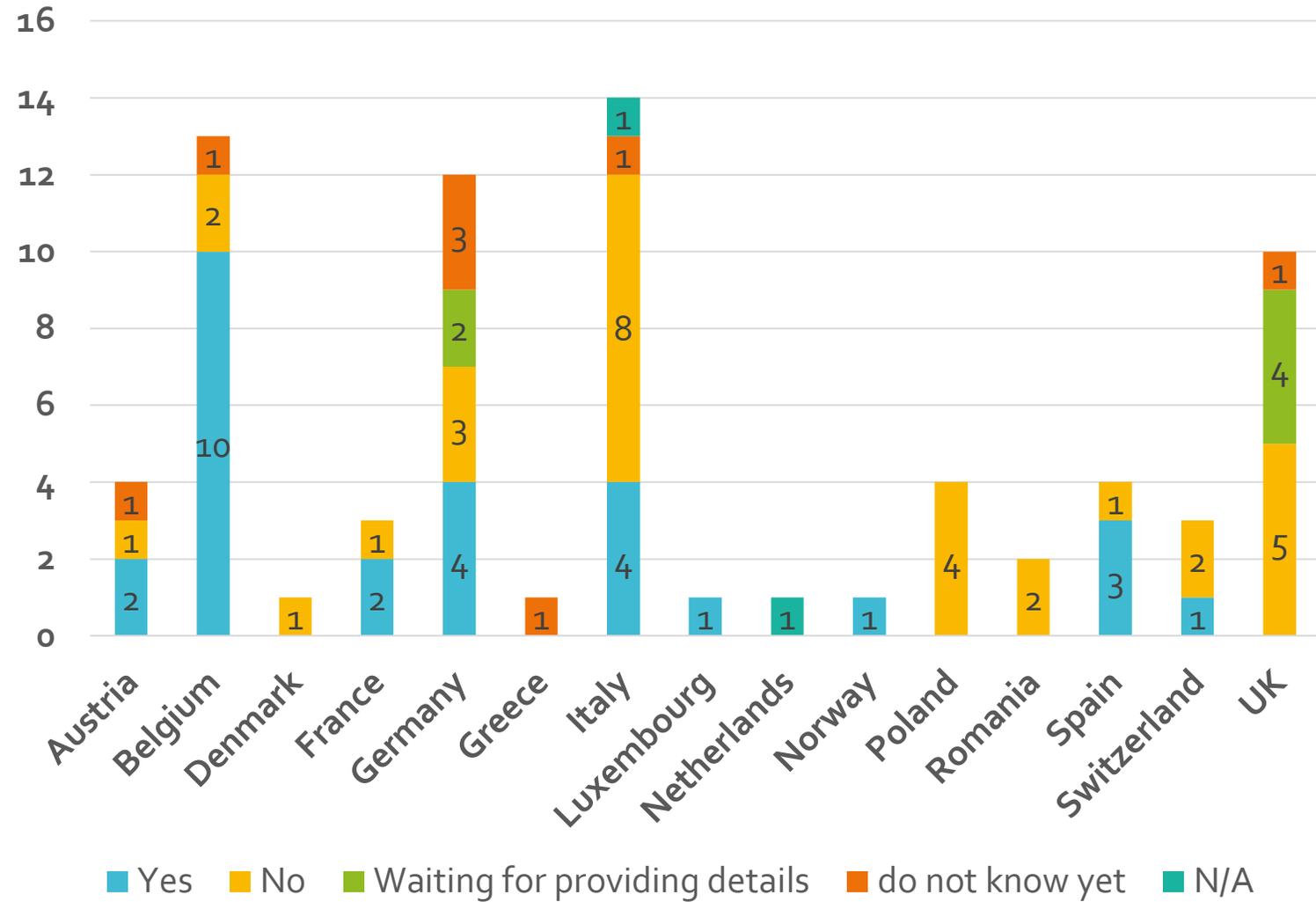
European Space SMEs awareness of National measures tackling the specific situation (2/3)

- National measures are not suitable to space sector
- High level negotiations with launch providers - in our case Antrix and Rocket Lab (NZ)
- No, If people don't show up there's little you can do about it.
- Speed up and simplify procedures for contract awards and controls
- There are requests from national agencies to understand where problems might be happening and to suggest contingencies, but no action yet.
- not a national issue
- not precisely sure
- Not yet, but we make the same case to national space agencies and we have heard some feedback that indicates it is being viewed positively to protect jobs.
- some national measures are available, such as working short-terms
- Technical unemployment can be used for a short period of time, but may result in key personnel leaving the business, which causes a risk to the project. It would be great if the member states could agree specific measures with ESA wrt Corona-incurred delays and cost overruns
- There is talk of general measures to support SME's through small grants and loans however no details have been given at this stage and no space-industry specific support has been mentioned.

European Space SMEs awareness of National measures tackling the specific situation (3/3)

- We are in discussion with DLR
- Yes, AIPAS proposal
- Yes, German Agency DLR is in contact with ESA
- Yes, Have not details on the specifics yet.
- Yes, loans to mitigate cash-flow issues (e.g. Business Interruption Loan Scheme delivered by the British Business Bank government which shall provide lenders with a free guarantee of 80% on each loan), but you need to find the lenders (banks are currently refusing to consider it because it shall then be reimbursed though it will cover months of expenditures without revenues except if companies put staff on unpaid leave or unemployment (yet, you still pay the rents, etc.))
- Yes/No, they are being prepared but it is not yet clear how they will be implemented
- Yes/Not public today but will be released soon
- Yes, not sufficient measures
- Yes, Several governmental measures are being prepared incl. delayed payment plan for taxes, economical unemployment support, etc.
- Yes, Spain is postponing deadlines and injecting cash flow and new financial support.
- Yes, we argue about the implemented measure since the company with more than 2Million euro per years of invoice must pay taxes (INPS , IRPEF and IVA) between tomorrow without any delay while company with less than 2M€ can pay the 31st of may eve with possibility of division into instalment
- Yes, local credit guarantees by state owned banks in order to solve the liquidity problem

Eventual access to the National measures for European Space SMEs



SME₄SPACE FOOTPRINT IN EUROPE 2020*

* Provisional



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