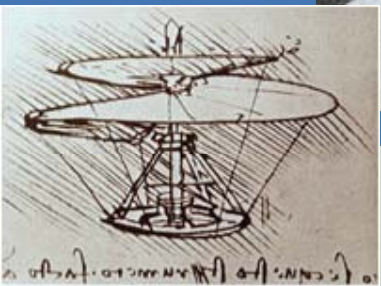


Space Investment Summit 7

Boston, MA

“Strategic Challenges and Opportunities in the Space Sector”



September 30, 2009



RENAISSANCE
STRATEGIC VENTURES

The Broad Environment

Evolving view of space – more than just a location

- **Space as critical infrastructure**
 - What would happen if that space infrastructure was “turned off” for a day – telecommunications, GPS, global timing, earth observation, etc.
 - Will require constant investment
- **Overlap between space and national priorities**
 - Protecting the environment – global monitoring can only be achieved from space
 - Energy – needs of space community (high power density, solar power, etc.) have terrestrial applications
 - Other – technologies required to go to Mars – water generation, efficient energy/power, efficient food – same as terrestrial needs
 - National security
- See “America’s Future in Space: Aligning the Civil Space Program with National Needs” by National Research Council

National Security Environment

Evolving view of national security space

- **Growing new thinking towards space**
 - Alternatives to large, monolithic architectures
 - Emerging concepts
 - “Operational Responsive Space”
 - “Distributed Space”
 - “Space Fractionalization”
 - Government customer looking at ideas that push the limits of technology, leading the commercial world
- **Opportunities for new entrants**
 - Anti-incumbency sentiment provides threat and opportunity
 - Varies customer by customer – some have gone full circle
- **Bar-bell shaped industry**
 - Hand full of large players, large number of small, squeezed mid-tier

Partnering With Government

- **There are pots of money that are space focused and can be pursued**
 - **NASA SBIR/STTR FY2010 budget - \$138 million**
 - **DARPA FY2010 Space Programs budget - \$200 million**
 - **Half of which for System F6 – distributed space architecture**
 - **DoD SBIR/STTR FY2010 budget - \$1+ billion (50% to Air Force, MDA and DARPA; of which some allocated to space efforts)**
 - **Title III funds**
 - **To rebuild the industrial base – mitigate single points of failure**
- **Almost a half billion \$\$s a year of R&D funds targeted to small business and emerging technologies in space**
 - **If you know how to access it**
 - **Way to grow without having to give up excess amounts of equity**
- **Public private partnerships as way to bridge to riskier projects**
 - **In tighter federal budget environment, will be of greater interest**
 - **Proven model in Europe**

Our Investment Thesis

- There is a full spectrum of opportunities in the space sector, from high beta commercial “new space” ventures to lower beta core space technology ventures
- The government (national security space) is a very viable market and there are policies/funds to encourage new entrants
- Focus on areas that are very dynamic or have multiple constituencies
 - Enablers to operationally responsive space
 - Technologies where DoD/national security community has expressed concern over limited competition
 - Earth and space weather monitoring
- Focus post-seed, after technology fundamentally proven, and “at the knee of the curve”
- Don’t need 10x out of one to make up for 7 failures, can achieve great returns if you carefully pick those who can thrive in the government space (lower capital intensity, mitigated risk, known exit)

Contact Us

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