

2014 Reinventing Space Conference (Rispace 2014)



Reinventing Space Business – from the Customer Outwards

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ABSTRACT

The global space industry is currently worth £140 billion of annual revenues. By 2030, forecasters expect it to grow about three-fold to £400 billion. Within that, the UK space industry has set itself an even higher target – to expand from £9 billion to £40 billion turnover.

Such growth cannot be achieved within existing markets. The industry will have to identify and open up new commercial opportunities. Businesses and economies that aim to take a higher share of that growth will have to do this faster and better than potential competitors.

How can they achieve this? By following the lessons of other successful businesses and inventing or reinventing themselves from the customer outwards.

With a few important exceptions, the space industry's current approach to markets mainly reflects its operations to date, where the customers are mainly large, technically competent organisations inside or close to the space industry – e.g. satellite operators and scientists. Its future customers and partners must be a larger and more diverse range of businesses, including ones not currently in contact with the space industry.

The customers of any industry do not have the same perspectives as the suppliers. They have their own operations, their own customers, their own concerns.

It helps to visualise the customers being distant from the supplier's location and perspective – on the other side of a river. If the Space industry is on the right bank of a river, with its context of big projects, high-tech bespoke manufacturing and strong public sector involvement, then its customer groups are on the left bank with very different concerns. Arable farmers are concerned about crop yields and the price of fertilizer. Car manufacturers worry about unit costs and showroom appeal. Train operators are concerned about inter-working and safety.

To understand its potential customers properly, a space business needs 'cross the river' to study and listen to them. It needs to understand the customer's buying process and how decisions are made. Only then can it develop an 'offer' that meets its customers' needs, and a 'proposition' that communicates the *benefits* to the customer, in language that resonates.

The business must then work outwards from the customer offer to design its whole system to deliver it consistently and efficiently, including the space-based elements of the system. Here, dramatically reducing costs will enable new satellite missions that support new businesses opportunities.

Two of the exceptions mentioned earlier achieved this, even with late 20th century satellite costs. One is Inmarsat, which has consistently improved global communications for maritime and other remote customers. The other is Sky – so successful that it accounts for more than half of the UK's space economy, yet its 10 million customers rarely consider its base in space technology.

These 2 businesses have succeeded even with satellites that cost hundreds of millions of pounds to orbit. The business opportunities that open when costs reduce ten or a hundred-fold will be diverse and immense.

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COMMENTS

I would be happy to hear from the conference organisers any particular direction that they would like me to develop the paper towards.

The primary medium for this paper would be a Powerpoint presentation, as many of the points are best made or illustrated graphically. I would aim to deliver this in a lively and entertaining style, emphasising the overall direction and examples rather than detail.

I could develop the presentation to run anywhere between 5 and 60 minutes, with a preference for 20-30 minutes. As an example, in March I delivered a presentation on 'Strategic marketing for space businesses' lasting 6 minutes, to the Satellite Finance Network. I received very positive feedback from the events organiser, Joanne Wheeler, and other attendees.

As a paper, I can capture the content in a Word document, illustrating it with graphics extracted from the slides. I would need to retain copyright of many of the graphics, some for my business, and some that will be reproduced with permission.