

Success Story: Commercial Opportunities for Space Enabled Markets

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Success story in Commercial Space Enabled Markets

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Topics

Agenda

- **A VC Perspective**
- **Disruptive Innovation & Accelerating Change**
- **SpaceX case-study & takeaways**



Overview of Draper Fisher Jurvetson

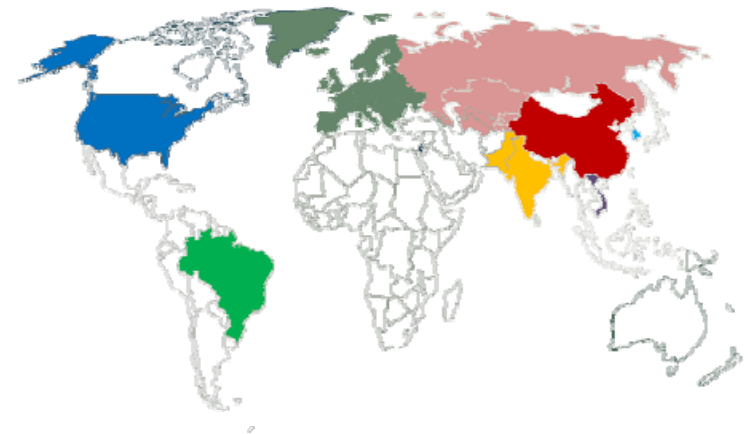
DFJ Core Funds:

- \$3.5 billion committed since 1985
 - DFJ Funds I - IX
 - DFJ ePlanet Ventures
 - DFJ Growth Fund
- 400+ portfolio companies
- 11 investing partners; 27 investment professionals



DFJ Global Network:

- 17 Network Funds on four continents
- 150 professionals
- \$3B capital, 650 companies





What do VCs look for?

Key attributes

- Passionate Entrepreneurs
- Unique ideas
- Companies that change the world
 - Enormous markets
 - Capital efficiency
 - New industries and markets, early mover
 - Disruptive technology



Why VCs seek disruption... Start-up success depends on it!

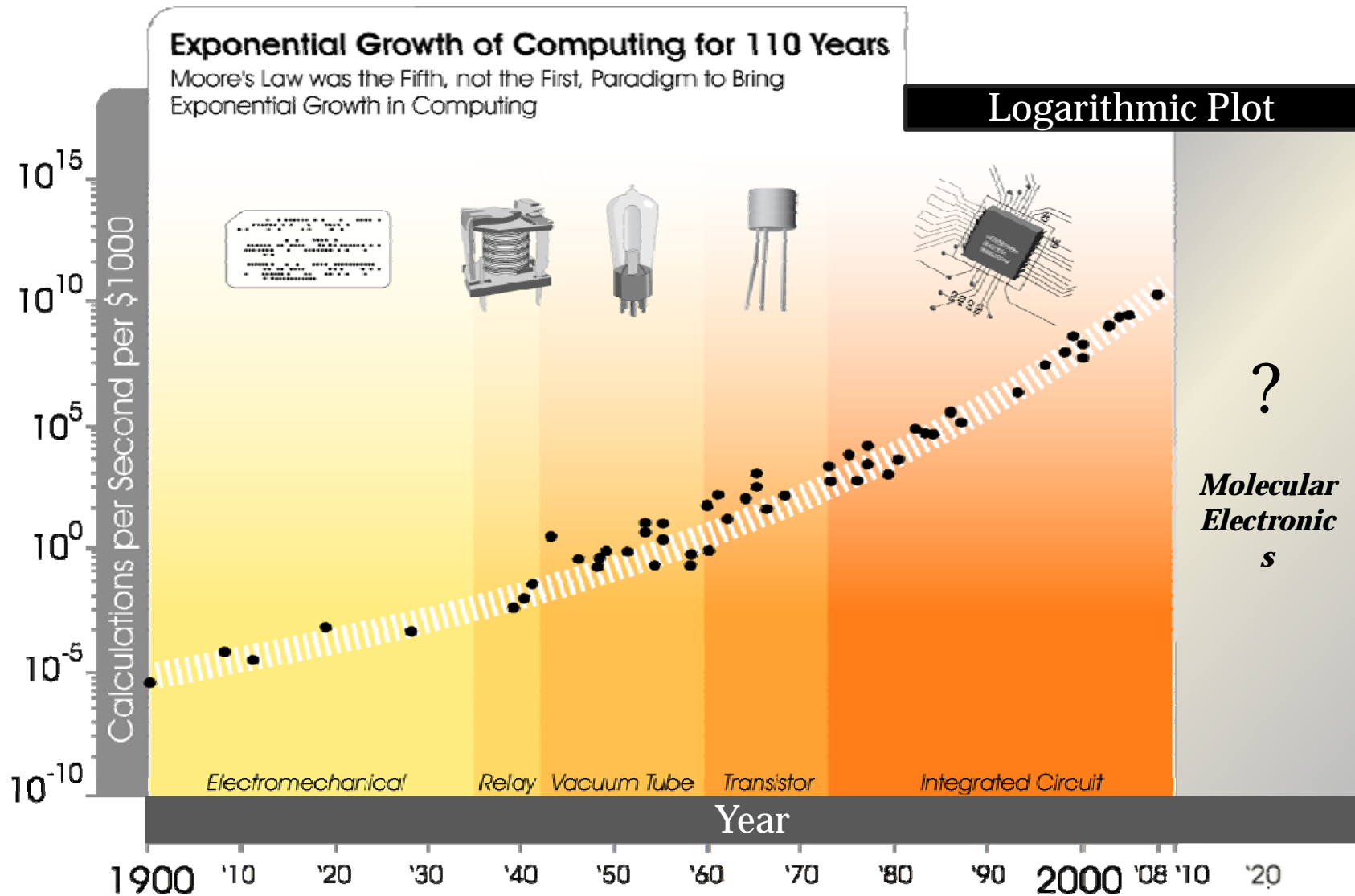
Key attributes

- **Disruptive Technological Advances**
 - **Interdisciplinary**
 - **Non-linear**

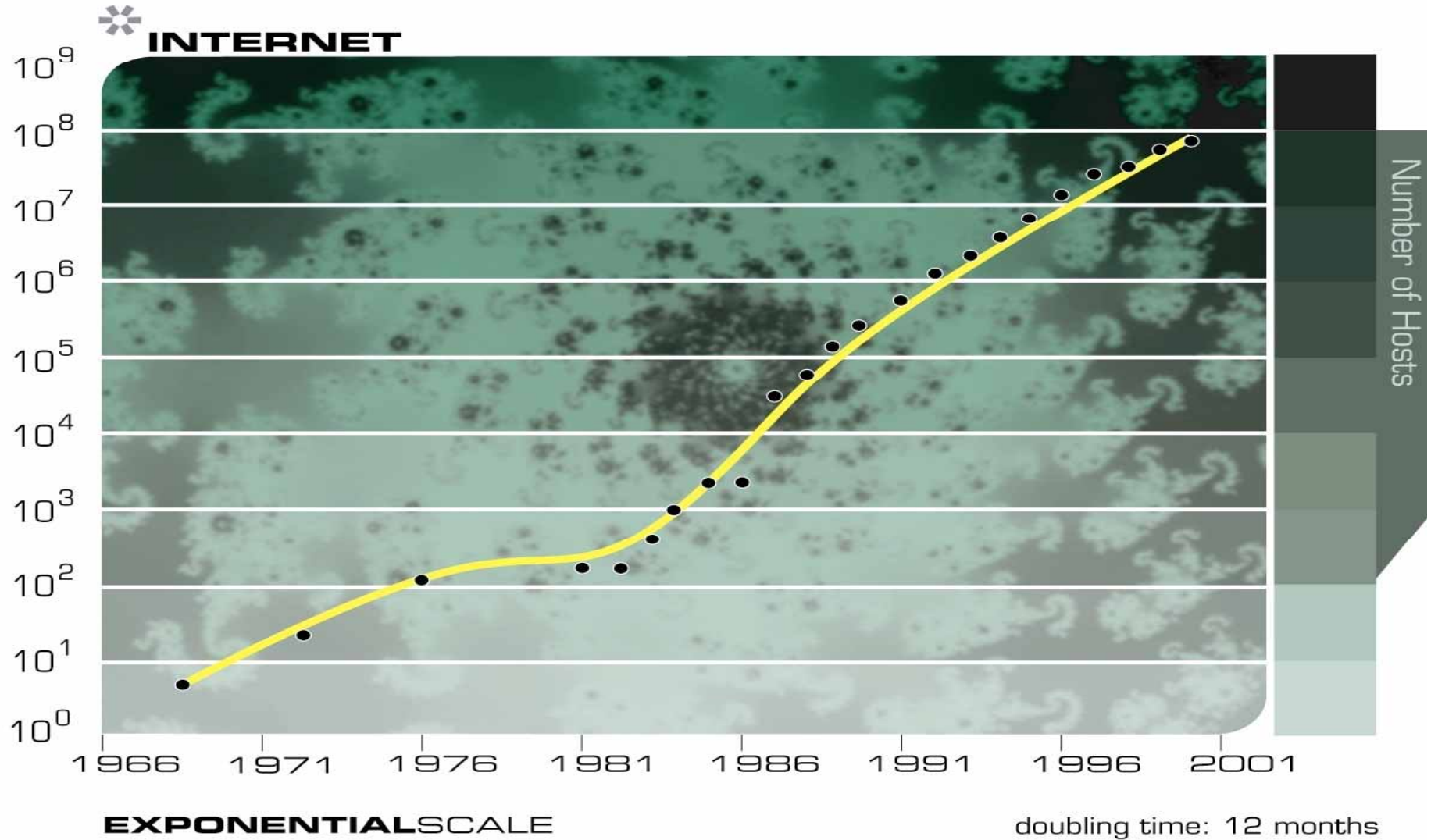
- **Structural Change in Markets**
 - **Deregulation, Financial Turmoil**

- **New Channels**
 - **Internet**

Technology disruption continues unabated – Moore’s law expanded

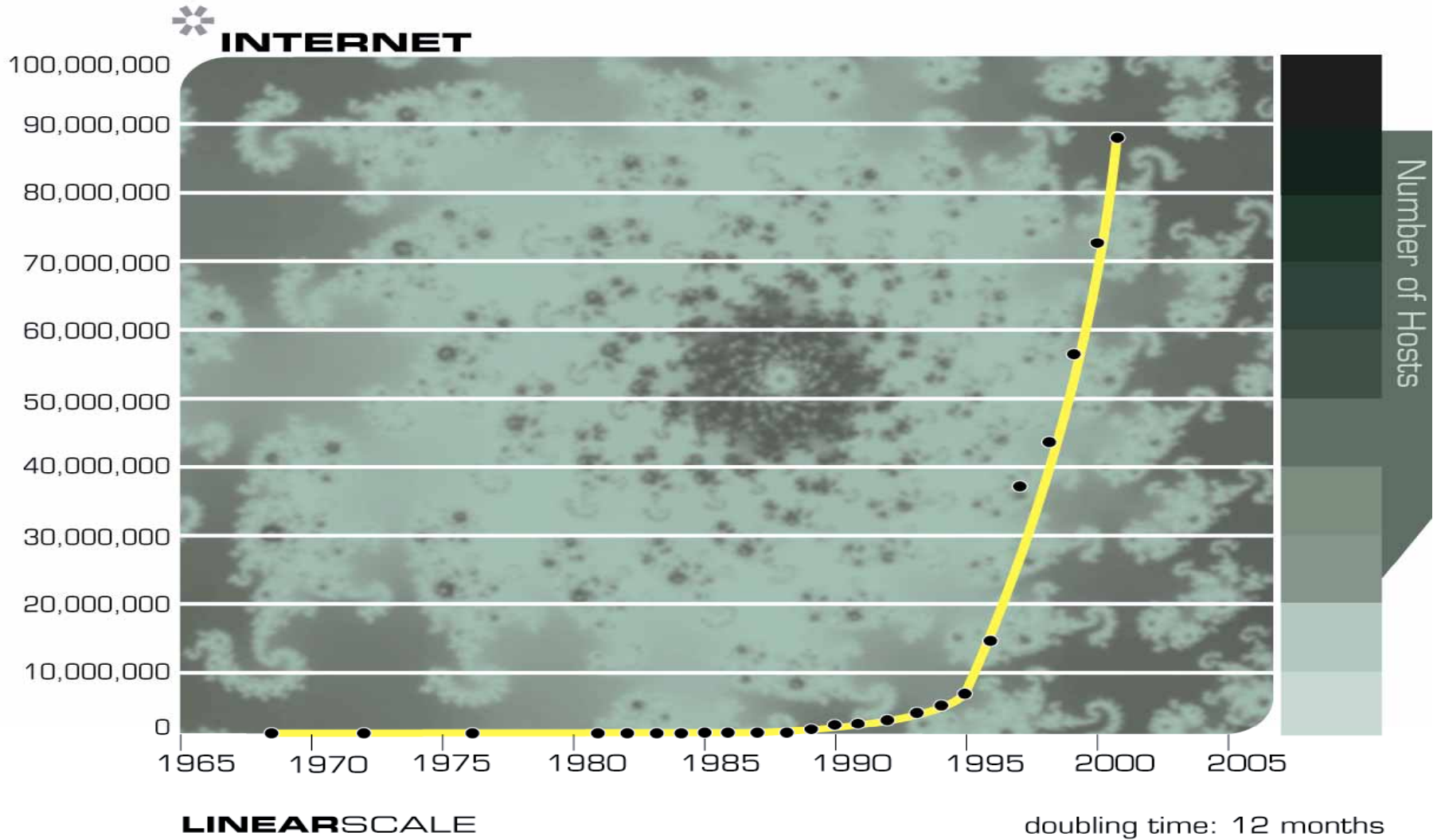


Internet growth: exponential scale



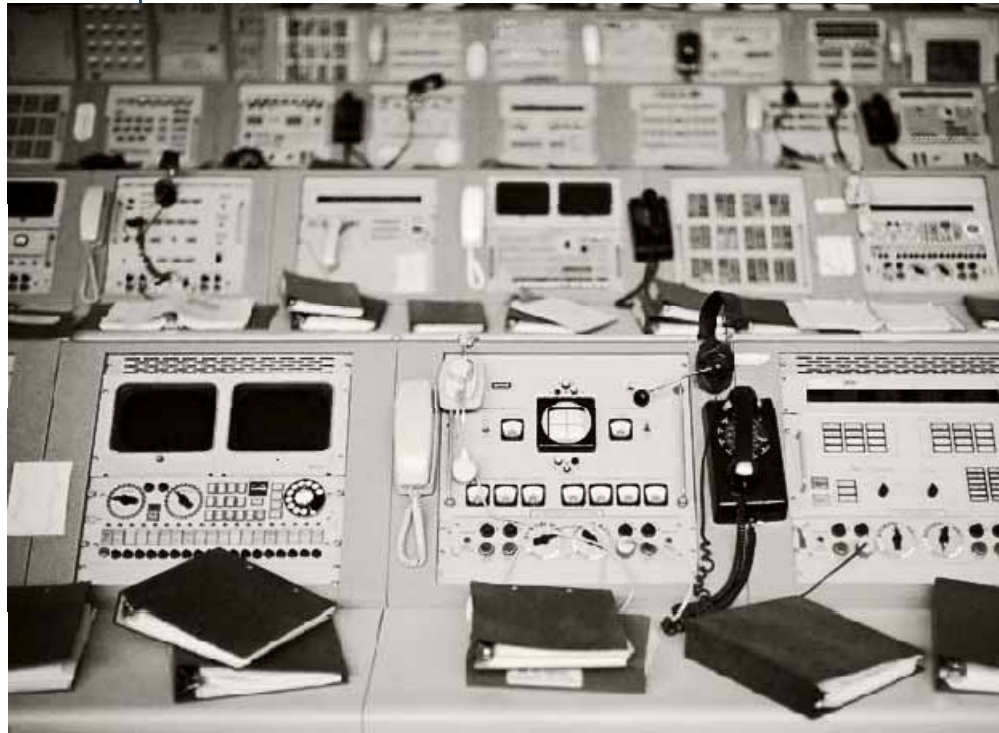


Internet growth: same data set, linear scale



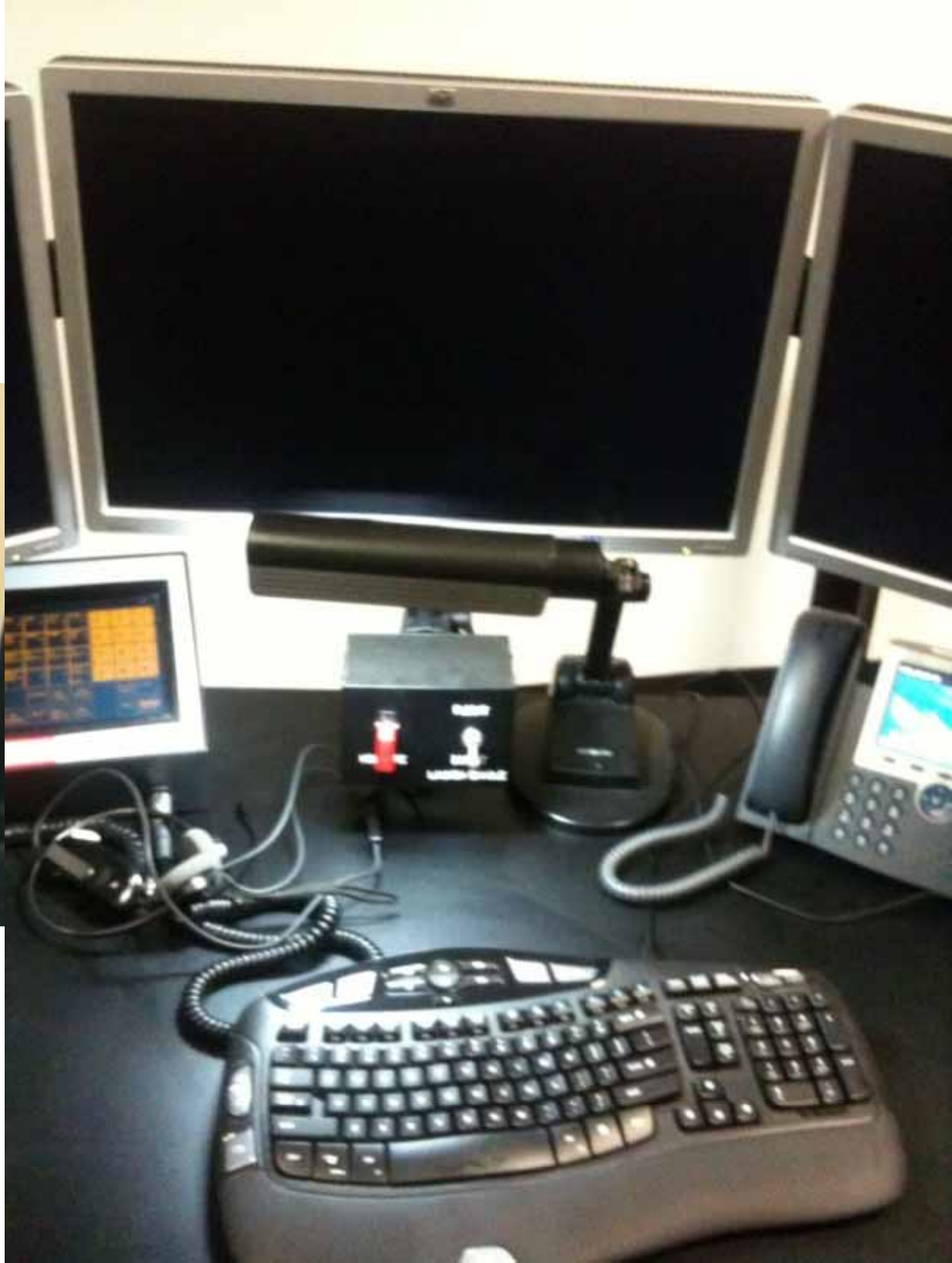
So what did Netscape really mean?

Accelerating change





Accelerating





The art of selling disruption – Angel Investors

Angel investing

- Typically high net worth individuals who prefer to invest in small businesses
- Tend to invest smaller amounts of money (between \$25K and \$500K)
- Less demanding, though similar return profile
 - Business growth = 30 – 40% annually
 - Bought or go public (exit) 4 – 7 years
- The key – show them an exit strategy!



The art of selling disruption - Venture Capital

Venture Capital

- Professional investors in charge of large pools of capital
- Typically invests more than \$1.5mm, with expectation of more in follow-on investing
- Very demanding and active
 - Returns 25 – 40%, 3 – 7 year timeframe
- The key – paint the picture of how your business will change the world



SpaceX case study – what did we love

Pros

- Leader and innovator in an industry on the cusp of dramatic transformation
- No low cost alternatives
- Fixed price contracts with low fixed cost
- This is a ‘change the world’ opportunity. Launch costs are the critical barrier to the growth of an entirely new industry



SpaceX case study – what gave us pause

Cons

- Satellite business is lumpy
- Heavy government exposure with COTS and COTS-D to business model
- Substantial non-market risk from entrenched providers. Not a level playing field