Part 2

Business Potential

Proposal Reference: (reference number)

**Notes for the Use of this Template**

Material presented in this plain style is suggested content for a Full Proposal. This is intended to be an example of a response to the related Agency requirements, which the Tenderer needs to properly complement by activity-specific information. The suggested material may be adopted as is, or modified at the Tenderer’s discretion. It remains the responsibility of the Tenderer to ensure that all of the Agency’s requirements of the present Call for Proposals are properly addressed.

This style is used to identify information that must be modified and/or completed by the Tenderer for the proposed activity. This supplementary information should be presented in plain typeface (i.e. not red) in the final version of the Full Proposal.

This style is used for explanatory notes and guidance to help you to develop the Full Proposal content (e.g. to indicate a selection between mutually-exclusive options). This information should be removed from the final version of the Full Proposal.

Use of this Full Proposal Template is mandatory. The Tenderer shall not change the structure of this Full Proposal Template (i.e. the table of contents must remain unchanged). In case the business potential as presented in the Outline Proposal is still applicable, its content may be reused in this Full Proposal template.

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# Customers

## Target Customers/Users

Provision of this information is mandatory for all proposed Development Phases.

Please list in the table the individual customers/users and/or the customer/user groups that have been identified as potentially benefiting from the proposed development. Summarise in the table their main problems and needs, in particular those that are being addressed by the proposed activity.

Provide additional text below the table, as necessary, to elaborate on the potential customers/users and their needs.

The key customers/user groups targeted by our activity are identified in the table below.

**Key Customers/Users and their Needs**

|  |  |
| --- | --- |
| **Customer/Customer Segment** | **Customer Problems/Needs** |
| …… | …… |
| …… | …… |
| …… | …… |

Please note that the Business Potential presented in this document shall be related to the target product(s) to be sold on the market. The target product(s) may include other elements or features not covered under the proposed activities. Add any supplementary text that you feel is necessary to clarify the nature of your intended customers and to explain their main needs.

The customers/users ……

## Customer/User Relationships

**Provision of this information is mandatory if the proposed development starts with a Technology Phase, a ScyLight Demonstration Phase or a Product Phase.**

Provide information of the nature of your relationship, if any, with the identified target customers/users.

Provide factual information whenever possible, for instance, existing contracts with figures. Indicate whether or not customer representatives will be involved in the proposed project and, if so, the kind of formal agreement that you intend to set up with them. If the product targets only one specific customer, a letter of interest from this customer shall be attached to the Proposal confirming the adequacy of the value proposition.

Our relationships with the key customers are summarised in the table below.

**Summary of Key Customer Relationships**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key Customer** | **Status** | **Supporting Information** | **Involvement in the Project** |
| …… | e.g. existing/to be created/to be improved | …… | yes/no |
| …… | …… | …… | yes/no |
| …… | …… | …… | yes/no |

We intend to formalise the involvement of customer(s)/user(s) in the project by ……

If the product targets only one specific customer, attach a letter of interest from this customer as Annex 2, confirming the adequacy of the value proposition.

A letter of interest from our key customer is attached as an annex to this part of our proposal.

## Sales Channels

**Provision of this information is mandatory only if the proposed development starts with a Product Phase.**

Describe the sales channels and indicate whether or not they are already established. If not, explain how they will be created. If customers are new for your company (i.e. your company has not sold products to them in the past) please explain your approach to reaching these customers.

At the commercial exploitation stage, our product(s) will be sold to the customers via the channels identified below.

**Sales Channels**

|  |  |  |
| --- | --- | --- |
| **Sales Channel** | **Description** | **Status** |
| …… | …… | e.g. new/established/requires further development |
| …… | …… | …… |
| …… | …… | …… |

If any sales channels are new provide an explanation of how they will be created.

The new sales channels identified above will be created by ……

If customers are new for Tenderer (i.e. the Tenderer has not sold products to them in the past) please explain your approach to reaching these customers.

Our approach to reaching our new customers is ……

# Value Proposition

**Provision of this information is mandatory for all proposed Development Phases.**

Summarise in the following table how the proposed development will address the problems and needs of the customers/users as identified in Section 1.1 (e.g. performance, cost, new features). Add any supplementary text that you feel is necessary to fully explain your value proposition.

The table below identifies the specific characteristics of our product(s) that will address the previously-identified customer problems/needs.

**Key Product Characteristics**

|  |  |
| --- | --- |
| **Customer/User Problem or Need** | **Product Characteristics Addressing this Problem/Need** |
| … | … |
| … | … |
| … | … |

Indicate whether or not the adoption of the product is going to change the way the customers are traditionally running their business. For instance, if the product is bringing a disruptive innovation.

The adoption of our product by the customer(s) will/will not affect the way they are traditionally running their business. The impact on their business will be …….

If there is a strategic element to the proposed development provide a brief explanation. For example, you could explain how the proposed development fits into your overall product development strategy to meet the needs of the customers in the longer term.

The strategic impact of the proposed development for our entity is …..

Add any supplementary text that you feel is necessary to fully explain your value proposition.

Other points to note regarding the value proposition are ……

# Market Assessment

## Position of the Product in the Market

**Provision of this information is mandatory for all proposed Development Phases.**

Indicate, by placing an “X” in one of the boxes in the following table, if your product is:

• An existing product, a new product, or an upgrade to an existing product (“incremental”)

• Addressing a new market, an existing market, or a new segment of an existing market (“incremental”).

Provide supplementary text as necessary to explain the position of your product in the market.

If you have more than one product, or if your product addresses more than one market, please indicate the positioning of each product in each of its target markets (by providing separate tables for each product/market combination).

The position of our product in the market is summarised in the matrix below.

Market Positioning

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| MARKET | New | X | X | X |
| Adjacent | X | X | X |
| Existing | X | X | X |
|  | Existing | Incremental | New |
| PRODUCT |

## Competitive Landscape

**Provision of this information is mandatory if the proposed development starts with a Technology Phase, a ScyLight Demonstration Phase or a Product Phase.**

Please list in the table below your competitors and/or competing solutions to the one you are proposing. Indicate the nature of the competition for each of the identified competitors/competing solutions. For example, an existing or potential supplier of the same type of product, an established supplier of similar products, a new entrant to the market, an entity known or suspected to have plans to develop the same type of product or a market incumbent. Please quantify the nature of the competition as far as possible (e.g. provide estimates of their market share, competitiveness in terms of pricing, etc.). Provide references to substantiate your assessment of the competition (e.g. web links, references to market analyses, data sheets, etc.).

Our product is addressing the sector of …… (e.g. provide few examples), which has the following characteristics: …… (e.g. geographical reach, trends, sales model).

Our key competitors and the nature of the competition are identified in the table below.

**Summary of the Competition**

|  |  |  |
| --- | --- | --- |
| **Competitor** | **Nature of the Competition** | **References** |
| …… | …… | …… |
| …… | …… | …… |
| …… | …… | …… |

## Competitive Position

**Provision of this information is mandatory if the proposed development starts with a Product Phase and the proposed development targets a new product.**

Please complete the table below with a Strengths, Weakness, Opportunities and Threats (SWOT) analysis for the target product.

Strengths are characteristics that give you an advantage over your competitors. Weaknesses are characteristics that place you at a disadvantage with respect to the competition. Opportunities are (usually external) elements that you could exploit to improve your business prospects. Threats are elements (e.g. external influences) that could threaten your business prospects. Add supplementary material as necessary to fully describe the competitive environment.

On the basis of the SWOT analysis, please identify your strategic options to achieve the development goals.

Our key competitive differentiations are summarised in the following table.

**SWOT Analysis**

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| strength 1strength 2…… | weakness 1weakness 2…… |
| **Opportunities** | **Threats** |
| opportunity 1opportunity 2…… | threat 1threat 2…… |

# Risks

Please note the specific requirements outlined below for the Technology Phase and for the ScyLight Demonstration Phase in relation to risks and risk mitigation.

**Technology Phase:**

The Technology Phase covers activities to mitigate the technical risks of the development up to and including the manufacturing and test of a representative model of the product. If a Technology Phase is proposed, please ensure that you

* clearly identify the technical risks that are being addressed in the proposed Technology Phase and
* explain why you consider these risks high enough to justify a Technology Phase development as a mandatory step to de-risk a subsequent ScyLight Demonstration Phase or Product Phase development.

**ScyLight Demonstration Phase:**

The ScyLight Demonstration Phase covers activities to mitigate technical and/or commercial risks in the operational environment prior to embarking on a product development (Product Phase). It has two different maximum co-funding levels (50% or 75%) for industrial entities (please refer to Section 5 of the Call for Proposals Cover Letter for more information). The applicable maximum co-funding level depends upon an agreed assessment of the level of risk being mitigated in the ScyLight Demonstration Phase (“low” or “high” respectively).

ScyLight Demonstration Phase activities may be funded up to 75% if the activity is for in orbit demonstration of quantum cryptography technologies. In all other cases ScyLight Demonstration Phase activities will be considered as “low risk” (funded up to 50%) unless it is clearly demonstrated that:

* critical technical performance parameters cannot be validated outside of the intended operational environment, and/or
* barriers to market acceptance cannot be overcome without early deployment of the technology in the intended operational environment, in particular, significant new capabilities have not yet been exploited commercially by the industry of ESA Member States and Canada.

If a “high risk” ScyLight Demonstration Phase is proposed (funding up to 75%), please be sure to include a justification for this categorisation of the risks.

## Risk Assessment

**Provision of this information is mandatory if the proposed development starts with a Technology Phase, a ScyLight Demonstration Phase or a Product Phase.**

Please list in the table below the main risks that are being addressed by your proposed activity, including technological, commercial and programmatic risks. Uniquely identify each risk (for ease of reference in Section 4.2) and assess its likelihood and severity (low, medium or high).

The major development risks being addressed by the proposed activity are summarised in the following table.

 **Overview of the Risks being Addressed by the Proposed Activity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Risk Identifier** | **Type** | **Description** | **Likelihood** | **Severity** |
| R1 | technological/commercial | ……… | low/medium/high | low/medium/high |
| ……… | technological/commercial | ……… | low/medium/high | low/medium/high |
| ……… | technological/commercial | ……… | low/medium/high | low/medium/high |

## Risk Mitigation Activities

**Provision of this information is mandatory if the proposed development starts with a Technology Phase, a ScyLight Demonstration Phase or a Product Phase.**

Please complete the table below making reference to the risks identified in the previous section. Briefly describe each risk mitigation action and indicate in which of the proposed development phase(s) the associated risk will be partially or fully mitigated.

The following table identifies the proposed mitigation activities for the risks identified previously.

 **Proposed Risk Mitigation Actions**

|  |  |  |
| --- | --- | --- |
| **Risk Identifier** | **Risk Mitigation Action** | **Mitigation Phase(s)**  |
| R1 | ……… | ……… |
| ……… | ……… | ……… |
| ……… | ……… | ……… |

Include and complete the following text if the proposed activity includes a Technology Phase, explaining why some risks are considered high enough to justify a Technology Phase development as a mandatory step to de-risk a subsequent ScyLight Demonstration Phase or Product Phase development.

The risks to be addressed in the Technology Phase, as identified in the table above, are considered to be of sufficiently high risk to jeopardise the success of a ScyLight Demonstration and/or Product Phase development. The reasons for this assessment are as follows: ……..

Please include the following statement if the proposed activity includes a ScyLight Demonstration Phase for in orbit demonstration of quantum cryptography technologies.

The proposed ScyLight Demonstration Phase is for in orbit demonstration of quantum cryptography technologies. For this reason support is requested for a “high risk” ScyLight Demonstration Phase development.

In all other cases, if the proposed activity includes a ScyLight Demonstration Phase that addresses technological and/or commercial risks that you consider to be “high risk”, justifying a co-funding level of up to 75% for industrial entities, please include and complete the following text. Please identify which of the risks identified in the table above you consider to be “high risk” and, in each case, explain your rationale for this assessment.

Risks R1,…, which are proposed to be mitigated in the ScyLight Demonstration Phase, are considered to be sufficiently high to justify the requested co-funding of XX% for this Development Phase. The reasons for this assessment are as follows: ……..

# Resources

## Key Partners

**Provision of this information is mandatory for all proposed Development Phases.**

Please identify in the table below the key partners who will help you to realise the proposed development and/or assist in the exploitation of the outcome. Indicate in each case their involvement (if any) in the proposed development and the type of agreement you have, or intend to have, with them.

Our key partners are identified in the table below.

**Key Partners**

|  |  |  |  |
| --- | --- | --- | --- |
| **Partner Type** | **Partner Details** | **Involvement in the Project** | **Type of Agreement** |
| …… | …… | …… | …… |
| …… | …… | …… | …… |
| …… | …… | …… | …… |

The partner type could be, for example, satellite prime, operator, service provider, supplier, user or customer. The partner details should include the entity name and country and a link to its web site.
The partner’s involvement in the project could be, for example, subcontractor, supplier, integrator or none.
The type of agreement reached with the partner could be, for example, an NDA, partnership agreement or contract.

## Key Resources and Dependencies

**Provision of this information is mandatory for all proposed Development Phases.**

Please list in the table below the key resources you will require to successfully conclude each of the proposed Development Phases.

Resources could include, for example, assets, company competences, key suppliers, consultancy services, and manufacturing, test or other facilities. Indicate whether or not the resources are expected to be in place at the time of need. If not, explain the actions to be taken to secure their availability on time. Indicate potential issues associated with each key resource. These could include, for example, long lead items, software licensing, patent constraints, procurement policies and national/international restrictions (e.g. export restrictions).

Critical resources and dependencies are defined in the following table. We confirm that all of the resources are in place to realise our proposed development.

**Key Resources and Dependencies**

|  |  |  |  |
| --- | --- | --- | --- |
| **Development Phase** | **Required Resource** | **In Place** | **Potential Issues** |
| …… | …… | yes/no | …… |
| …… | …… | yes/no | …… |
| …… | …… | yes/no | …… |

If there is a risk that any key resource will not be in place at the time of need, explain what actions will be taken to secure the availability of that resource when needed.

There is a risk that …… resource(s) will not be in place at the time of need. The following actions are planned to secure the availability of that/those resource(s) when needed: ……

Further information on resources can be found in Part 4B of our proposal.

# Return on Investment

The subsections below provide the additional information required to perform a financial return on investment calculation for the proposed product. A Financial Forecast Workbook template (Excel® document) is provided for this purpose. This return on investment calculation is mandatory only if the proposed activity starts with a Product Phase. If a return on investment calculation is provided the completed Financial Forecast Workbook template should be attached as an annex to this part of the proposal.

## Development Costs and Schedule

**Provision of this information is mandatory if the proposed development starts with a Product Phase.**

Please identify the Development Phases required to prepare your product for commercial exploitation and, for each Development Phase, provide the anticipated start and end dates and the estimated cost and ESA co‑funding profiles (incurred or expected). Table 1 and Table 2 of the Financial Forecast Workbook are provided for this purpose.

Tables 1 and 2 of the Financial Forecast Workbook should be completed as follows:

• Table 1 “Planning and Costing Summary”: identify the Development Phases and provide the outline schedule for each Development Phase.

• Table 2 “Development Costs”: provide an estimate of the development costs and ESA co-funding over time for each Development Phase in accordance with the schedule information defined in Table 1.

Your attention is drawn to the detailed guidelines for completing Table 1 that are provided in the Financial Forecast Workbook.

Once both tables have been completed Table 1 provides an overview of the development costs and the planning for the proposed activity.

The development costs and schedule are summarised in Table 1 (“Planning and Costing Summary”) of the Financial Forecast Workbook (Annex 1).

## Revenue Streams

**Provision of this information is mandatory if the proposed development starts with a Product Phase.**

Please complete the revenue elements of Table 3 “Product Sales Assumptions for the Commercial Exploitation Phase” of the Financial Forecast Workbook, identifying potential sales scenarios and, in each case, providing estimates of unit sales volumes and sales price evolutions over time. Describe the potential sales scenarios and present the underlying assumptions that led to the revenue predictions.

Our projection in terms of the market we aim to capture in the short term is shown in Table 3 (“Product Sales Assumptions for the Commercial Exploitation Phase”) of the Financial Forecast Workbook for each of the identified commercial opportunities.

The assumptions behind these sales projections are as follows: …….

## Cost of Sales

**Provision of this information is mandatory if the proposed development starts with a Product Phase.**

Please complete the cost elements of Table 3 “Product Sales Assumptions for the Commercial Exploitation Phase” of the Financial Forecast Workbook, providing, for each identified potential sales scenario, an estimate of the cost per unit sold over time. Present the underlying assumptions that led to the cost estimates.

Cost of sales assumptions are presented in Table 3 (“Product Sales Assumptions for the Commercial Exploitation Phase”) of the Financial Forecast Workbook.

The following assumptions have been made when deriving the cost figures provided in this table: ……

## Financial Indicators

**Provision of this information is mandatory if the proposed development starts with a Product Phase.**

Please complete Table 4 “Cost of Capital Assumed in the Return on Investment Calculations” of the Financial Forecast Workbook with your assumption for the cost of capital. Based on the information you have provided in Tables 1 to 4 inclusive, a financial analysis will be automatically calculated in Table 5 of the “Analysis” worksheet and the results summarised in Table 6 of the same worksheet.

Make reference to the results of the financial analysis below.

The financial forecast is shown in Table 5 (“Financial Analysis”) of the Financial Forecast Workbook, assuming the cost of capital stated in Table 4 of the Workbook.

Figure 1 (“Cumulative Discounted Cash Flow”) of the Financial Forecast Workbook shows the projected cash flow for two cases, one with and one without ESA financial support.

The Internal Rate of Return (IRR), the Net Present Value (NPV) and the break-even point for the project are shown in Table 6 (“Financial Indicators”) of the Financial Forecast Workbook, showing the effect of the ESA financial support.

1. Financial Forecast Workbook

***Provision of this information is mandatory if the proposed development starts with a Product Phase.***

*Please attach a completed Financial Forecast Workbook.*

1. Letter of Interest from Our Customer

*If you are targeting a single customer only attach a letter of interest from that customer here
(see Requirement 1.6)*