EARSC
European Association of Remote Sensing Companies

EARSC Response - Call for Evidence on an EU Start-Up and Scale-Up Strategy

The European Association of Remote Sensing Companies (EARSC) is a trade association representing approximately 140 members across Europe in the Earth observation (EO) downstream industry. EARSC welcomes the European Commission's initiative to draft a Start-up and Scale-up Strategy to reduce barriers for companies seeking to thrive in the EU market and contribute to EU's competitiveness. In the EO downstream industry, there are many relevant opportunities for start-ups that support the growth of the space sector, however, there is a challenge for companies to continue to develop in the scale-up phase and for companies to branch out of the space-sector specific initiatives and market their services transversally.

1. Do you agree that startups and/or scaleups face the hurdles identified in this document (access to finance, regulatory and bureaucratic burdens and fragmentation, access to markets, access to talent, and access to infrastructure, knowledge and services)?

Scale-ups and start-ups continue to face hurdles, including as regards access to finance, access to talent, and access to markets, among other things. The EARSC Industry Survey is an annual publication that seeks to assess the state and health of the European EO industry. Overall, the industry remains strong, with 2.27b EUR revenues in 2023. However, the most significant share of this revenue is consolidated around the well-established actors, with 35.4% of the total revenue reported by large companies. EARSC also assessed potential for growth, with more than half of companies surveyed expecting a slight increase in revenue, with 15% of companies expecting no change in their revenue, and 3.3% expecting a slight decrease in revenue. One of the key challenges for companies surveyed is around the issue of skills and hiring. 45% of companies indicated that they experienced significant difficulties in filling open positions, with only 7% having no problem at all to fill their open positions. The key challenge companies indicated was candidates' lack of knowledge and skills in new technologies. Programming/development skills and advanced knowledge of analytical methods are the high-priority skills highlighted by the sector.

2. Are there any additional hurdles faced by startups and/or scaleups?

Other key hurdles for start-ups and scale-ups in the EO downstream industry include a lack of visibility and a related difficulty in branching out of domestic markets. In EU-level policy, there are very successful initiatives to promote and support innovation in the space sector, however, as EO solutions are cross-cutting and transversal, there is a lack of uptake for EO as a default policy tool in other market sectors and across other policy domains, i.e., agriculture, tourism, regional development, urban resilience, and many more.

For the EO downstream industry, another key challenge is fragmentation of demand. Customers seek services which are customised by default. There is a need for more consensus on transversal topics and solutions. Needing to customise a service for every individual customer creates hurdles for companies that seek to develop an off-the-shelf solution and increases the barrier to entry. This is particularly true with local and regional

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authorities, which companies are often well connected with at the early stage of their development, which may have similar challenges but are reluctant to invest time in integrating new approaches or do not accept to take the risk to invest into an innovative solution.

3. What actions do you think the EU and/or its Member States should take to address these hurdles?

The European Union and its Member States have a key role to play as regards facilitation of access to market and the federation of needs at the national, regional, and local levels and across different policy domains that can benefit from EO data and services. Promotion of the different solutions available at the political level, across the board, with different sectoral stakeholders that can benefit from EO solutions is vital.

Additionally, there are many EO use cases in existence which remain dormant. It is necessary to establish tools that advocate for the uptake of existing capabilities and facilitate communication on available resources. An example of this would be forums for EO end-users and industry to discuss with the Member States and the European Commission, with the goal of supporting matchmaking and connections between end-users and the industry. Another possibility is for the European Commission to promote the uptake of space-based solutions in non-space focused events organised or sponsored by the institutions. Especially as regards interaction on climate change and climate change adaptation, and with user groups such as local and regional authorities, there is a huge potential for showcasing the capabilities of the sector for the benefit of these end-users that will need to address these pressing challenges.