

How To Invest In Business Models From Outer Space

November 1, 2021 by Cody Willard

Tesla hit \$1200 today. I can't hardly believe it. What a run since I pounded the table over and over on this name two years ago when it was as good a set up for a long-term Revolutionary Investment as I'd seen in many years. It's the picks that go up 20x like Tesla in EVs since 2019 or SEDG in solar since 2016 or the ones that go up 400x like Bitcoin did for us since 2013 in cryptos...or the dozen or so 10-100 baggers that we've had over the last twenty years that has got everybody looking for the next big thing in those sectors. Let's continue to look for The Next Great Revolution while everybody's catching up to The Current/Past Revolutions. The Next Great Revolution? Space, of course.

The Space Revolution might be unstoppable but it definitely isn't monolithic, so let's step back and get a sense of the different business models and subsectors within the space industry. I've spent the last two years studying the various business models that are currently being created for The Space Revolution and I've broken them down into a dozen subcategories to help us organize the industry.

When I started studying the space industry two years ago, there were maybe a few dozen space-related companies to cover, including startups. As of right now, there are now hundreds of space-related companies including start ups currently in business if not exactly doing much business yet. Within another two years, there will be thousands of space-related companies and other entities (including space-related cryptos to consider, say, like the [sktls space cryptocurrency](#)) with their doors open.

When I started trying to figure out how best to invest in The Space Revolution two years ago, there were less than a dozen space-related stocks to choose from, including Boeing. Two years later, there are now more than two dozen space-related stocks to consider.

Space is clearly a growth industry and if we don't start to get organized in our approach to investing in it right now, we'll soon be overwhelmed trying to catch up.

I want to be clear that nobody has any idea just how many new disparate business ideas, services, and applications are going to be invented as the costs to send equipment and people to space continue to plummet.

To get us started, I've included the list of space subsectors and an example or two of companies in that subsector (clearly, a company like SpaceX is going to found on several bullets below). If the company is publicly-traded I also included its ticker). I also comment on the merits of each subsector:

- 1) Satellite/cargo launch vehicle manufacturing and service providers (eg, SpaceX, Rocket Lab RCLB, Astra ASTR, Virgin Orbit (pre-SPAC symbol is NGCA), Relativity, Blue Origin, etc). Hard to do, high barriers to entry, prices dropping rapidly.

- 2) Crew launch vehicle company and service providers (SpaceX, Blue Origin, Virgin Galactic SPCE, etc). Even harder to do, higher barriers to entry, prices are rising but will eventually drop dramatically enabling a tipping point in demand.
- 3) Rocket propulsion manufacturers (SpaceX, Northrup Grumman NOC, Arianespace, Rocket Lab RCLB, etc). Hard to do, high barriers to entry, prices dropping slowly.
- 4) Satellite Manufacturers (Maxar MAXR, Rocket Lab RCLB, SpaceX, etc). Not terribly hard to do as satellites increasingly become servers/computers-in-the-sky, low barriers to entry, prices dropping rapidly.
- 5) Satellite constellation companies (Black Sky BKSX, Planet (pre-SPAC symbol is DMYQ), Spire SPIR, Maxar MAXR, SpaceX Starlink, etc). Not terribly hard to do as satellites increasingly become servers/computers-in-the-sky and the prices of payload launches drop dramatically, low barriers to entry, prices of the services seem to be dropping rapidly.
- 6) Space component suppliers (Redwire RDW, etc). A bit of a commodity-like margin business, medium barriers to entry, prices steady to lower.
- 7) General space service providers (Boeing, Lockheed Martin, SpaceX, etc). Space suits, tests, etc are not terribly high margin or a growing quickly (yet).
- 8) Landers/rover manufacturers and service providers (Arca Space, etc). Someday this business will exist in size and be a hard-to-do business high barriers to entry with big margins.
- 9) Space Hotels (Axiom, etc). Someday this business will exist in size and be a hard-to-do business high barriers to entry with big margins.
- 10) Space mining companies (Deep Space Industries, Planetoid Mines, Shackleton Energy, etc). Someday this business will exist in size and be a hard-to-do business high barriers to entry with huge margins.
- 11) Space factory companies (Cosmic Shielding, Deep Space Industries, Varda Space Industries, Made-In-Space, etc). Someday this business will exist in size and be a hard-to-do business high barriers to entry with good margins.
- 12) Space settlement/civilization companies (SpaceX, Blue Origin, Rocket Lab RCLB, etc). Someday someone's descendants are going to be really messed up with all the wealth they have because their ancestors were one of the first settlers on Mars.

Piper and I have [created a spreadsheet](#) that tracks every single company we can find in the Space Industry and we are opening it up to the public to help us. If you'd like to join in the effort, simply join the [Space Company Tracker Group](#) on [sktls.com](#) and Piper will be in touch.

Finding and then buying Tesla at \$50 two years ago wasn't easy. None of this has been. I remember how convinced I was that my analysis on Tesla was correct and that I used to tell you all that every fiber of being felt like Tesla was the next great investment for us. But it didn't happen overnight and it wasn't painless along the way.

This is how I feel about The Space Revolution in general right now — every fiber of my being tells me that Space is the next great investment for us. I work my butt off every day to try to stay on top of these trends and to find the next ones that we should be in. Building spreadsheets and tracking every space-related business idea that I can find is part of the process.