

Investment Decision Best Practices for NASA from Venture Capital

As NASA embarks on its ambitious missions to explore the Moon, Mars, and beyond, it is imperative for the agency to make sound investment decisions. Venture capital, a form of private equity that provides funding to early-stage companies, can offer valuable lessons for NASA in this regard.

Venture capitalists are known for their rigorous investment process, which involves careful due diligence, risk assessment, and portfolio diversification. By adopting these best practices, NASA can increase the likelihood of making successful investments in startups and emerging technologies that align with its strategic objectives.



Investment Decision Best Practices for NASA from Venture Capital : NASA/TP-20205010519

by National Aeronautics and Space Administration

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Due Diligence

Before investing in any company, venture capitalists conduct thorough due diligence to assess the company's potential for success. This process typically includes:

- Reviewing the company's business plan and financial statements
- Conducting interviews with the company's founders and management team
- Visiting the company's facilities and operations
- Obtaining references from the company's customers and partners

By conducting thorough due diligence, NASA can gain a deep understanding of a company's technology, market opportunity, and competitive landscape. This information can help NASA identify potential risks and opportunities, and make more informed investment decisions.

Risk Assessment

Venture capitalists are also highly attuned to risk. Before investing in a company, they carefully consider the potential risks involved, such as:

- **Technology risk:** The risk that the company's technology will not work as expected
- **Market risk:** The risk that the company's product or service will not be accepted by the market
- **Competition risk:** The risk that the company will face competition from other companies
- **Management risk:** The risk that the company's management team lacks the experience or expertise to lead the company to success

By carefully assessing the risks involved, NASA can make more informed investment decisions and avoid investing in companies that are likely to fail.

Portfolio Diversification

Venture capitalists also diversify their portfolios to reduce risk. Instead of investing all their money in a single company, they typically invest in a portfolio of companies across a range of industries and stages of development. This diversification helps to reduce the risk that a single investment will lose value.

NASA can adopt a similar approach by investing in a portfolio of companies that are working on different technologies and applications. This diversification will help to reduce the risk that NASA's entire investment portfolio will be impacted by a single failure.

By adopting the best practices of venture capital, NASA can improve its investment decision-making process and increase the likelihood of making successful investments in startups and emerging technologies. These best practices include conducting thorough due diligence, assessing risk, and diversifying the portfolio.

By following these best practices, NASA can position itself as a leading investor in the commercial space industry and support the development of new technologies that will enable future space exploration missions.

Additional Resources

- NASA's Venture Capital Program
- National Venture Capital Association

- Asian Venture Capital Journal



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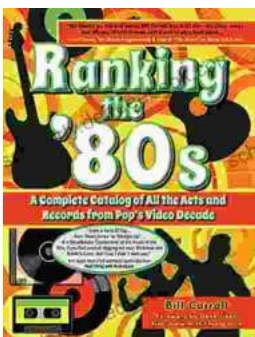
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