HEINLEIN NEWSPACE BUSINESS PLAN COMPETITION

RULES and GUIDELINES

Welcome to the 2011 Heinlein NewSpace Business Plan Competition (“HNS BPC”). We appreciate your interest in participating in this year’s event, hosted by the Space Frontier Foundation at its annual NewSpace Conference being held this year at NASA's Ames Research Center in Silicon Valley July 28-30, 2011.

A maximum of 5 teams will be invited to compete in the 2011 HNS BPC and will compete for a $25,000 grand prize, a $5,000 second prize, and a $2,500 third prize. Teams will have the opportunity to meet and network with space industry executives, investors, and successful entrepreneurs who will be in attendance at the conference and serving as judges.

GENERAL REQUIREMENTS
Each team must meet the following requirements in order to compete in the 2011 HNS BPC:

• **Team Size:** The presenting team should not exceed five people.

• **Nature of Ventures:** The competition is for new, independent ventures in the seed, start-up, or early growth stages. The company should have technologies or products which advance the NewSpace movement. Generally excluded are the following: buy-outs, expansions of existing companies, real estate syndications, tax shelters, franchises, licensing agreements for distribution in a different geographical area. Licensing technologies from universities or research labs is not excluded and is encouraged, assuming they have not been commercialized previously.

• **Attendance:** Team members should arrive at NASA Ames Research Center on Thursday, July 28 2011, no later than 9:00 AM, to check in with the event coordinator. Teams must attend the Banquet on Saturday night to receive their awards. Teams should plan their return travel NO EARLIER than Sunday morning.
GENERAL INFORMATION
Qualification to participate in the HNS BPC is determined by the criteria outlined in the Executive Summary section and by meeting the deadlines below.

How to Enter
To enter, one individual from the team should complete the online Intent to Compete. This must be completed no later than 5:00 pm EST Saturday, June 17, 2011. A 3-5 page Executive Summary, in PDF format, must then be e-mailed to businessplan@spacefrontier.org. Teams that are invited to participate will be required to submit their full written business plan by July 17, 2011.

Important Dates
Please add the following important dates to your calendar.

   June 17, 2011 by 5:00 PM EST
   Deadline to submit Intent to Compete Form (web)

   July 1, 2011 by 5:00 PM EST
   Deadline to submit Executive Summary

   July 5, 2011
   HNS BPC announces Teams that are invited to compete

   July 17, 2011 by 5:00 PM EST
   Invited Teams will confirm participation by submitting their full written business plan.

   July 28, 2011 by 9:00 AM, PST
   Teams arrive at NASA Ames Research Center, for registration and Boot Camp

   July 29, 2011
   9:00 AM: Heinlein NewSpace Business Plan Competition

   July 30, 2011
   6:00-9:00 PM: Awards Gala, Business Plan Competition winners announced
Executive Summary Submission Guidelines
The final Executive Summary from each team is due to the Space Frontier Foundation via on or before 5:00 pm EST on July 1, 2011. Please submit an electronic version via email in PDF format. No other format will be accepted. Teams will be evaluated to compete based on the quality of the Executive Summary. Teams will be notified of whether they are invited to compete on July 5, 2011, and a press release will go out in parallel. Competing teams are required to submit their full written business plan no later than July 17th at 5:00 pm EST, again, in PDF format. Any team that does not submit their full written business plan by this date will be disqualified and their slot will be given to a team on the wait list.

Guidelines:
Executive summaries must be limited to 5 pages of text (typed, double-spaced, minimum 12 point font, and 1” margins on all sides.) The Executive Summary should include information on:

- Company summary
- Customer/market analysis (market size and potential market share)
- Product or service description
- Intellectual property status (e.g., patents, licenses, etc.)
- Competitive differentiation
- Management team and/or advisors, including relevant experience
- Financial highlights
- Status and offering of the company (how much investment you are seeking)

In your executive summary, we expect you to convey:

- The problem or need your company solves
- The size of the accessible market & evidence that customers will buy your product/service
- Your differentiation vs. competition and how you will sustain that
- The experience of your management team and/or advisory boards
- The current state of development (e.g., beta, customer trials, etc.)
- Timeframes to achieve significant revenue and/or cash flow positive
- The amount of funding you are seeking
Written Business Plan Submission Guidelines
A complete written business plan from the invited and confirmed teams will be due to the Space Frontier Foundation on or before 5:00 pm EST on July 17, 2011. Please submit an electronic version via email in Adobe Acrobat PDF. No other format will be accepted.

General Guidelines:
Written business plans are limited to 20 pages of text (typed, double-spaced, minimum 12 point font, and 1” margins on all sides), and includes the executive summary and summary financial data. Detailed spreadsheets and appropriate appendices should follow the text portion of the plan but will be limited to 10 pages. Plans with fewer than 10 pages of appendices may not use the remaining pages to increase the size of their business plan beyond 20 pages. In total, the maximum number of pages is 30.

Contents of the Written Business Plan:
• Executive Summary
• Product or service description (incl. current status of development – beta, prototype, etc.)
• Customer/Market analysis (market size and potential market share)
• Sales and Marketing Plan (how you will go-to-market)
• Intellectual property status (e.g., patents, licenses, etc.)
• Competitor Analysis (competitors and your competitive differentiation)
• Management team and/or advisors, including relevant experience
• Financial highlights (cash flow, income statement, & balance sheet)
• Offering of the company (how much investment you are seeking, uses of funding, possible exits)

Business Plan Financial Data:
Financial data should include a cash flow statement, income statement, and balance sheet. This data should be included in a summarized fashion in the main section of the business plan. Include an explanation of the offering to investors indicating how much money is required, how it will be used, and the proposed structure of the deal (i.e., stock, debentures, etc.) and possible exit strategies. Detailed financial data and tables should be included in the appendix. Please note: The team is not required to reveal the exact desired terms of the deal (i.e., proposed company valuation and percentage of company being offered). However, teams should expect to be asked about these terms and should be prepared to answer these questions in some fashion.

Appendices:
Appendices should be included only when they support the findings, statements, and observations in the plan. Because of the number of teams in the competition, judges may not be able to read all the material in the appendices. Therefore, the text portion of the plan (20 pages) must contain all pertinent information in a clear and concise manner. All appendices must fall within the 10 page limit; any pages over this limit will not be posted or otherwise provided to the judges.

Changes to Your Business Plan:
Once your written business plan is submitted it will be provided for review by the judges, and you will receive written feedback on your plan from the judges upon your arrival at NewSpace 2011. You will
not have a chance to modify your written business plan after it is submitted. However, if you feel the need to modify your plan, when you make your oral presentations, you can incorporate these changes into your presentation.

**Oral Presentation Guidelines**

Oral presentations will take place at NASA Ames Research Center on Thursday, July 29th, 2011, beginning at 9AM. Teams should arrive before 9:00 AM on Thursday July 28th, and plan return travel no earlier than Sunday morning. Teams will receive the schedule upon arrival at NASA Ames Research Center.

Each team will give a short presentation, followed by a question and answer session with the judges.

**Equipment:** Teams should plan to bring a laptop and a copy of their presentation on a zip drive or CD. Please note that if your presentation contains video, graphics, and/or sound, you should let us know in advance, and we will try to help ensure that your presentation works properly at the Competition. However, based on past experience, we cannot guarantee that video, graphics, and sound will work 100% of the time.

**Non-confidentiality:** All sessions of the competition, including but not limited to oral presentations and question/answer sessions, are open to the public at large. Any and all of these sessions may be broadcast to interested persons through radio, television or the Internet. Any data or information discussed or divulged in public sessions by entrants should be considered information that could possibly enter the public realm, and entrants should not assume any right of confidentiality in any data or information discussed, divulged, or presented in these sessions. Due to the nature of the competition, we are not able to ask judges, reviewers, staff, or the audience to agree to or sign non-disclosure statements. However, the Space Frontier Foundation, the organizer of the HNS BPC, will make every effort to limit distribution of business plans only to judges of the competition. The Space Frontier Foundation cannot guarantee that other individuals will not obtain access to electronic or hard copies of the business plan. All presentations are open to the general public, and some presentations may be videotaped. Attendance by media personnel is expected.

**Copyrights & Permissions:** If a team uses copyrighted materials and/or images from a third-party in their presentation or business plan, they must obtain permission and authorization from the owners to use this material in advance.
Judging Criteria
The judging panel will consider:

- Executive Summary: Clear, exciting and effective as a stand-alone overview of the plan
- Products or Services: Description, features and benefits, pricing, current stage of development, proprietary position
- Market and Marketing Strategy: Description of market, competitive analysis, needs identification, unique capabilities, sales/promotion
- Management: Backgrounds of key individuals, ability to execute strategy, personnel needs, organizational structure
- Summary Financials: Presented in summary form, easy to read and understand consistent with plan and effective
- Offering and Viability: Proposal/terms to investors – is the investment opportunity clear and compelling?

General:
The competition is intended to simulate the real-world process of entrepreneurs soliciting start-up funds from early stage investors and venture capital firms. The judges’ function as venture capital investors deciding on which business venture they would most likely fund. The quality of the idea, the strength of the management team, and the clarity and persuasiveness of the written plan and oral presentation, all influence the judges’ decisions. Ultimately, the winning team should be the team in which the judges would most likely invest their money. Most of the judges of the HNS BPC come from the investment community and are involved in making early-stage investment decisions on an ongoing basis. Their ranking of the top teams is guided by the scorecard (described below), but should be consistent with the approach that would be used by a venture capital or early-stage investor. We recognize that consistent with real life investment situations, early-stage companies can be in very different stages of development. To compensate for this, we would expect that an early stage investor would require the potential for higher investment returns for an earlier stage company, which has a higher level of risk involved. We assume, in general, that this would be true for the judges in the HNS BPC. Teams are not required to reveal the exact desired terms of the deal (i.e., their proposed company valuation and percentage of company being offered to investors). However, some investors prefer to have this information upfront, (while some investors feel that it is not as important until later). We recommend that teams be prepared to address questions about their terms, but it is up to the team to decide how they want to answer these questions. During the competition, judges are asked to evaluate each team individually and should not discuss their evaluation with other judges until all judges’ evaluation forms have been submitted.