

PARAGON

SPACE DEVELOPMENT CORPORATION

Life has no limits.

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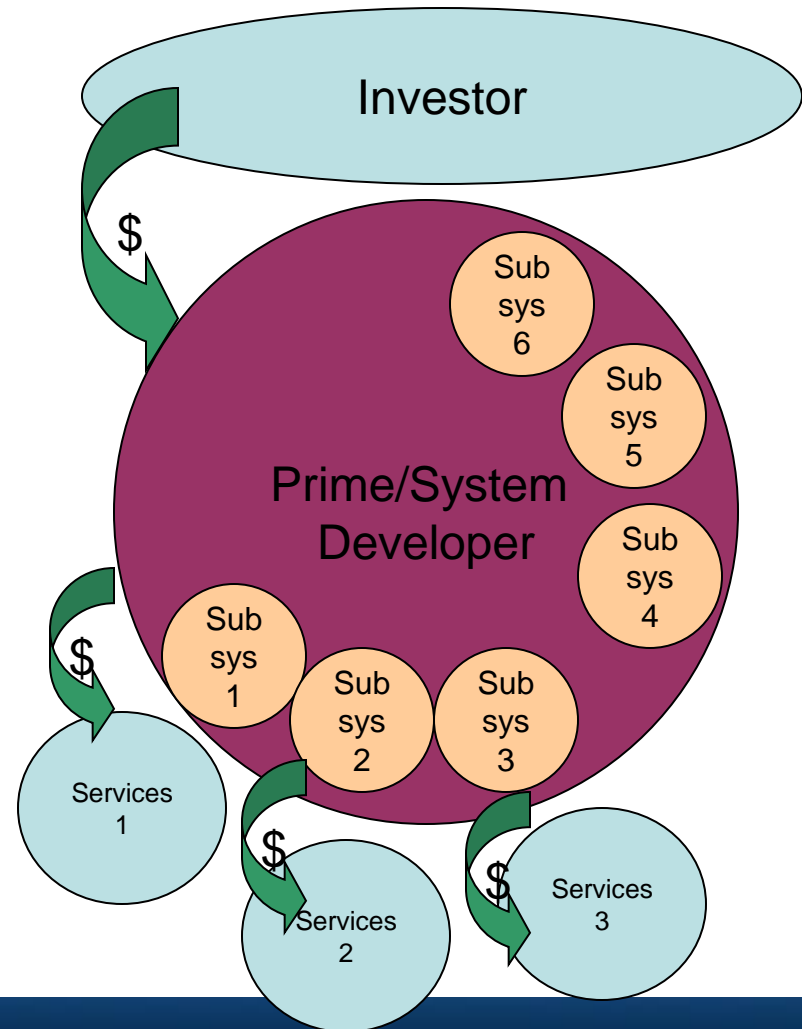
Paragon Space Development Corporation

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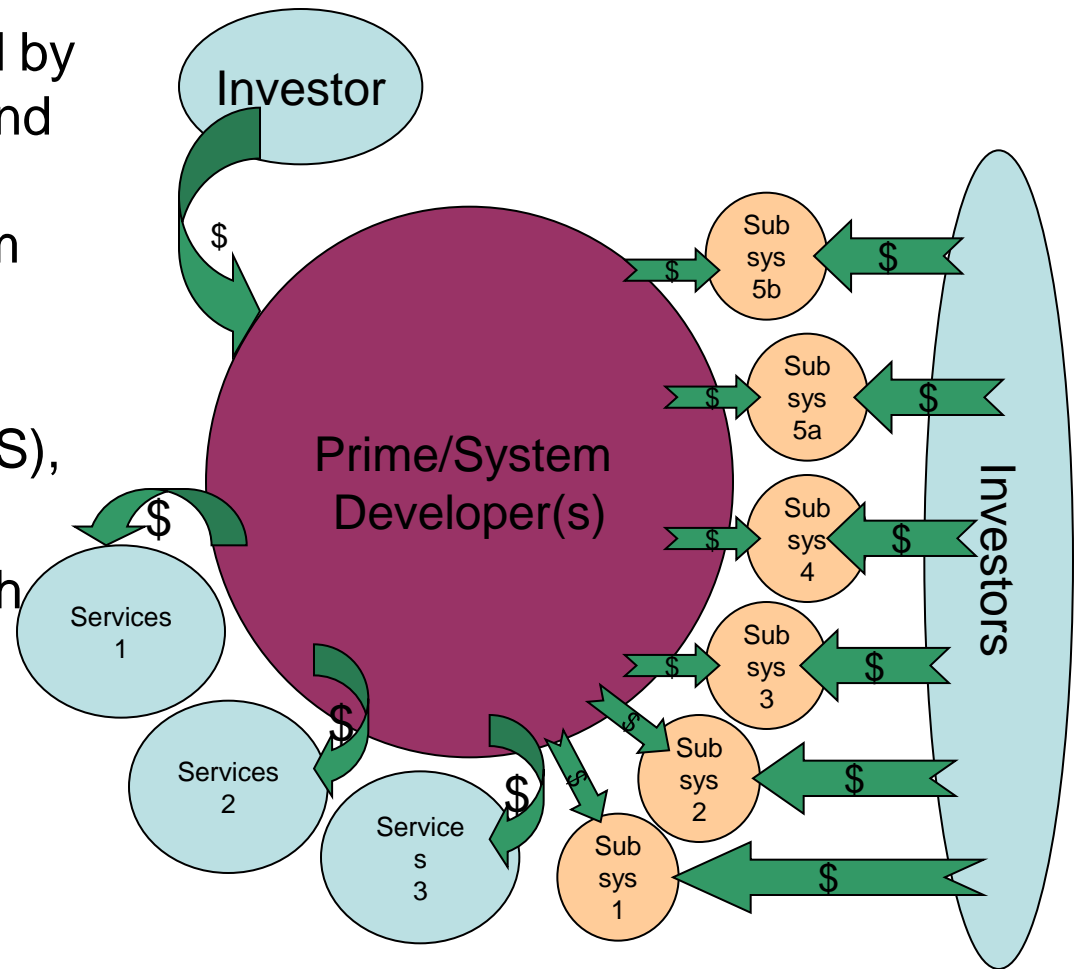
The “Major Player” Investment Model

- This model is characterized by investment in the major systems provider which then develops subsystems.
- Examples: SpaceX, Blue Origin, Scaled Composites
- Computer analogy: Apple, HP, Compaq, Gateway, Dell



The “Peripheral” Investment Model

- This model is characterized by investment in component and subsystem suppliers which then develop the subsystem and sell it to the system developer.
- Examples: Paragon (ECLSS), Odyssey (GNC)
- Computer analogy: Logitech, Kensington, NMB Technologies, etc



Pros and Cons of Models

(from an investor perspective)

Major Player

- **Pros**
 - Greater IP Control
 - Greater schedule/cost/risk insight
 - Flexibility of allocation of money to subsystem
 - Higher return % (?)
(commensurate with risk?)
- **Cons**
 - “Eggs in one basket” risk
 - Dilution in investment rounds
 - Paying for learning curve
 - Prime customer exposure

Peripheral

- **Pros**
 - Greater “Critical Technology” Control
 - Technology understanding
 - Distributed risk
 - Greater secondary market potential
 - Greater control (commensurate with size of investment)
- **Cons**
 - Potentially smaller return % (?)
 - Higher potential for technology leapfrog?
 - Innovator’s dilemma