

Top 10 Myths About the Space Force

10. *It will be an immediate boon to government contractors*
9. *There will be a Space Force Academy headquartered in SF*
8. *It provides an offensive capability, irrespective of existing treaties*
7. *It comes with a large uptick in resources and spending*
6. *This is a space race and the FAR will not matter*
5. *IC members are willing partners and ready to cede control of assets*
4. *It is the next frontier and we are going to Mars*
3. *It is all about prestige, not deterrence and warfighting capabilities*
2. *Congress is completely onboard*
1. *It is about defense against UFOs, not strategic interstate competition*

Space Force – Is There Anything Out There?

- 🐾 President Trump directed the establishment of a Space Force to better protect U.S. vital interests in space
- 🐾 The Space Force comes with no significant goals or greenfield development to impact spending in space or defense markets
- 🐾 The DoD’s structure for the National Security Space Components include joint Space Development Agency and U.S. Space Command
- 🐾 Space Force appears to be a carveout of existing Air Force resources and programs accompanied by a rebranding effort
- 🐾 A refocusing of space defense will continue to favor niche space businesses with the scale to provide launch systems and space vehicles
- 🐾 The impact of the Space Force will likely fall well short of the hype, but an early indication will be innovation funding in the 2020 NDAA

Boldly Go

Military commanders have always sought the advantage of high ground in any conflict. Without a doubt, space offers the ultimate high ground providing an edge in intelligence collection, early warning, communications, and navigation. In reflection of the U.S. National Defense Strategy (NDS), which places significant focus on space as a warfighting domain, the Trump Administration has announced the bold intention to institute a national Space Force within the DoD. This intent is stoking public excitement and GovCon interest in the possibility of more contracted spending. While this intent recognizes the importance of space to national defense and provides a symbol of resolve against threats from Russia and China, it comes with no significant goals. Being neither ambitious like the moon shot, nor exceptional like Reagan’s Star Wars, it is unlikely to shape space or defense markets.

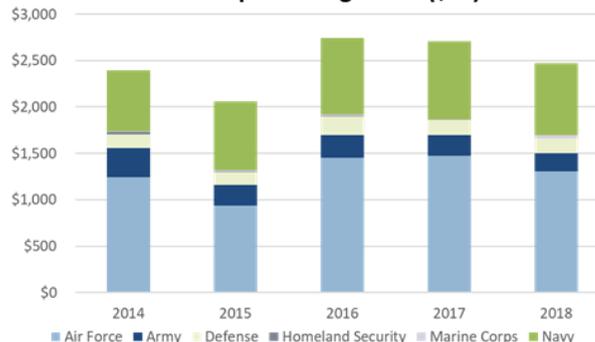
Countdown

The 2018 defense policy bill called for the Pentagon to report on its management structure for space, which outlined a new unified combatant command, the U.S. Space Command, as well as a joint rapid procurement agency for space assets, called the Space Development Agency. It is still uncertain whether these organizations will replace or complement existing components in the long run, but they appear to carve out resources and programs currently in Air Force, particularly from the Space and Missile Systems Center. While the countdown to make a Space Force a reality requires several more steps, including an Act of Congress, the endeavor looks to be, at best, more akin to the rebranding effort undertaken by agencies that now form DHS. This restructuring may ultimately sweep up space-related programs and their budgets from the Army, Navy, DARPA, and the Missile Defense Agency.

Liftoff

While we await the White House’s legislative proposal detailing the authorities required to establish the Space Force, due with the President’s FY 2020 Budget, we can only hope for a best case scenario for the Space Force liftoff. The aim is to create a refocused space defense organization that can truly accelerate space technology and align development initiatives with the modernization priorities spelled out in the NDS. However, perils exist, as we have seen with the creation of Cybercom and delays in it getting independent leadership and contract-

Recent Space Obligations (\$M)



Spending on space-related defense by the Uniformed Services has remained relatively constant over the past 5 years

Source: FPDS data and Wolf Den analysis

Godspeed

The threat to our space capabilities is real, as is the need to strengthen deterrence, expand warfighting options, and foster the development of space-oriented technologies. The lift from new contracting opportunities to meet the needs provided by the budget outlined in FY 2020 NDAA may be limited to the few companies with the scale to deliver launch systems, reusable space vehicles, and specialized satellites. While existing aerospace and technology firms will continue to deliver space-related engineering and support, the impact from the Space Force reshuffle may also provide prospects for delivering technical and policy advice as the U.S. adapts doctrine and capabilities to protect space-based interests. The hype of the Space Force – with its promise of free-flowing dollars for anything tagged “space” – may out-pace the reality that the space market is hard for newcomers and competing agencies will resist the change.