

**NLU DELHI – HSF INTERNATIONAL NEGOTIATION COMPETITION 2016**

**SPACE RACE**

**NEGOTIATION PLAN: SPACE RESEARCH AND EXPLORATION PLC (“SPACE REX”)**

## Primary Mutual Objective

To reach agreement between Space Rex and Rickety Martin for the ongoing development of the FANGS project via a joint venture company (“JVC”).

### Objectives: Space Rex

1. Secure the initial capital investment into the FANGS project: £150 million in the first year, and £250 – 300 million over the next five years.
2. Protect the ownership of intellectual property (‘IP’) and confidential information surrounding FANGS.
3. Retain control of the JVC, particularly:
  - day-to-day operations,
  - authority over potential customers,
  - the image of FANGS, and
  - supplier relationships.
4. Ensure the JV is only announced after the Munraya scandal has subsided.
5. Ensure any additional financing will be sourced from third party providers, preserving Space Rex’s 50% control rights.
6. Enact a dispute resolution process to avoid a buy-out battle.

### Objectives (anticipated): Rickety Martin

1. Secure a JV agreement to invest excess cash resources. (It is difficult to anticipate whether Rickety Martin will seek to invest less or more capital than Space Rex is hoping to secure.)
2. Ensure a strong return on capital and labour invested in FANGS. This return may be financial, or IP-based.
3. Minimising risk while maximising profitability of the JV.
4. Utilise Space Rex’s positive brand image, particularly in light of the Munraya scandal.
5. Benefit from the intellectual property associated with the FANGS project, and develop this for defence needs.
6. Act quickly to secure an arrangement, before Rickety Martin’s competitors enter the aerospace industry.

*While Space Rex is interested in retaining maximum control of day-to-day operations and IP, it is likely that Rickety Martin will seek control of financial decision-making to minimise its downside risk. It remains to be seen whether Rickety Martin will prioritise financial and image benefits of the JV, or whether its primary goal is access to the IP of FANGS.*

### Underlying Interests: Space Rex

1. Bring the FANGS project to market by gaining access to cash flow, in both the short and long term.
2. Maintain control of its IP.
3. Preserve the brand image of Space Rex, including retention of decision-making authority over potential customers.

### Underlying Interests (anticipated): Rickety Martin

1. Earn a return on investment.
2. Secure access to FANGS IP, to adapt to its defence sector operations.
3. Secure control of the decision-making process to minimise risk and enforce deadlines.

### Strengths: Space Rex

1. In possession of valuable IP, which is expected to be valued at £1 billion once

### Weaknesses: Space Rex

1. Space Rex lacks cash resources.
2. The success of FANGS is dependent on

- FANGS becomes operational.
2. Space Rex has a strong brand image, and 'FANGS' holds positive connotations in the market.
  3. An alternative funding mechanism is available (the consortium option).
  4. A number of space agencies have expressed interest in FANGS once it becomes operational.
  5. Rickety Martin needs to secure an arrangement quickly, before competitors enter the aerospace market.

**Strengths: Rickety Martin**

1. Holds substantial cash reserves.
2. This investment is not essential, and diversification may be obtained through industries other than aerospace.
3. Synergies between Rickety Martin and Space Rex make it an attractive investor.

Space Rex's intellectual property being safeguarded. It is particularly vulnerable in this area.

3. Space Rex have historically faced challenges relating to production timelines, and so have not been able to cement any advance orders.
4. FANGS is a speculative project with a long time frame attached: it is anticipated that it will take another five years to be ready to be deployed commercially.

**Weaknesses: Rickety Martin**

1. Rickety Martin's key competitors are also looking to acquire or collaborate with aerospace manufacturers.
2. Operating in the defence sector, its public image is vulnerable in light of events such as the scandal in Munraya.
3. Opportunities to enter the sector are limited. Space Rex is an experienced aerospace business, and the FANGS system is 'unique', with potential applications in the defence sector.

**BATNA: Space Rex**

Space Rex retains the ability to go to a consortium, where the desired cash investments will likely be available, although the decision-making process will slow down. Intellectual property can be preserved through a consortium arrangement.

**Anticipated BATNA: Rickety Martin**

Rickety Martin may be able to pursue diversification and improved brand image elsewhere. If Rickety Martin is committed to entering the aerospace sector, it has the ability to develop its own independent aerospace business (although this option is not preferred).

*First and foremost, we must discover Rickety Martin's primary objective of the JV: to diversify financially, to improve their public image, or to gain access to Space Rex's IP. This will guide the content of the negotiation. We need to know of alternatives available to Rickety Martin to achieve the same goal, to a high degree of specificity. We can then sell the benefits of FANGS, without ceding control of the JVC.*