Government Contract Concentration in Space-Data Valuation

A Renewal Procurement and Dual-Use Framework for Revenue Quality Transaction Pricing and Downside Protection

Authored by Chennakeshav Adya

Independent Researcher

September 2026

Abstract

Government demand can validate a space-data platform, fund technical capacity and create reference missions. It can also concentrate revenue in a small number of programmes whose continuation depends on appropriations, option exercises, task orders, security approvals, procurement policy and operational performance. A valuation that capitalises the full face value of an umbrella award or backlog can therefore overstate durable cash.

This paper develops a Contract-to-Cash Valuation Framework for Earth observation, geospatial intelligence and space-data businesses. It separates seven layers: contract vehicle, funded obligation, order, deliverable, acceptance, invoice and collection. Revenue is then classified by customer, agency, programme, mission, jurisdiction, contract type, option year and termination right. The method distinguishes a large ceiling from funded backlog, a funded order from accepted performance and reported revenue from collected contribution.

Public evidence shows why this distinction matters. BlackSky reported that four customers generated 89% of 2025 revenue; U.S. federal agencies and international governments together generated USD 103.8 million of its USD 106.6 million total revenue. Its filing also states that U.S. government contracts may be terminated for convenience. Spire reported that one customer comprising multiple U.S. government agencies represented 24% of 2025 revenue. Planet reported in its April 2026 quarter that two customers represented 15% and 11% of revenue, while one customer represented 33% of accounts receivable. These figures describe reported companies at specific dates; they do not establish the risk or value of an unidentified target. [1][2][3]

The worked case is wholly hypothetical. A target presents USD 510 million of headline contract and backlog value. The framework admits USD 326 million before concentration and execution deductions: USD 118 million of collected and contracted base cash, USD 92 million of funded backlog, USD 67 million of probability-weighted options and USD 49 million of qualified follow-on orders. It deducts USD 58 million for single-programme concentration, USD 31 million for procurement delay, USD 24 million for termination and cancellation exposure, USD 21 million for security and export constraints and USD 17 million for margin and working-capital execution. The resulting illustrative enterprise value contribution is USD 175 million. Every amount and probability must be replaced with transaction-specific evidence.

The framework is designed for boards, investors, lenders and transaction teams valuing businesses whose revenue depends materially on defence, intelligence, civil-agency or international-government customers. Its output is a renewal-weighted, cash-based view of customer value and a transaction structure that allocates uncertainty through price, holdbacks, earn-outs, covenants and closing conditions.

JEL Classification: G12, G31, G34, H57, L96, O32

Keywords: space-data valuation, government contract concentration, Earth observation revenue quality, procurement risk, contract renewal, dual-use technology, satellite data M&A, backlog valuation, termination for convenience, customer concentration

Introduction

Space-data businesses often describe government contracts as a source of credibility and visibility. That description can be accurate. A demanding mission customer can validate performance, support constellation utilisation and create a path to further programmes. The economic value still depends on the precise legal and procurement route through which cash is earned.

An indefinite-delivery vehicle, framework agreement or programme ceiling may permit future orders without obligating the customer to place them. A multi-year award may contain annual options, appropriations conditions or termination rights. A funded order may still require successful delivery and acceptance. A recognised receivable may create working-capital exposure until collected. Security, sovereignty, licensing and export controls can limit who may perform, where data may be processed and whether an acquirer can retain the contract after closing.

This paper follows the contract from authority to collected contribution. It treats concentration as a portfolio of correlated renewal and execution risks. It also recognises that diversification can dilute scarce technical focus when new customers require separate payloads, tasking rules, clearances or delivery environments. The valuation question is therefore whether the government revenue base can persist and convert into cash under the ownership, capital structure and operating plan proposed for the transaction.

1. Define the valuation decision

The decision question concerns the valuation date, transaction perimeter, buyer identity, capital structure and government-revenue dependency. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with board materials, management accounts, customer and programme registers, financing terms and legal entity map. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is one approved question with an evidence cut-off. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should fix the decision before assigning value to awards or backlog. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

2. Build the customer hierarchy

The decision question concerns customer concentration across sovereign, department, agency, programme office, prime contractor and end user. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with executed contracts, invoices, collections, customer master data and programme records. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is revenue and cash concentration at every relevant level. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when

the event, evidence and time horizon are stated. For transaction purposes, the board should avoid hiding a common sovereign behind several billing entities. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

3. Separate contract vehicle from order

The decision question concerns the difference between access to a procurement vehicle and an enforceable funded purchase. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with frameworks, IDIQ awards, blanket purchase agreements, task orders and funding notices. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is value assigned only to supported order pathways. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should exclude unused ceilings from contracted revenue. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

4. Map appropriations and funding

The decision question concerns budget authority, period of availability, obligation, continuing resolution exposure and programme funding. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with appropriation acts, agency budget documents, obligation records and contract modifications. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is cash linked to available and committed funding. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should apply a funding gate before renewal probability. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

5. Reconcile backlog to performance obligations

The decision question concerns the relationship between reported backlog, remaining performance obligations and enforceable delivery. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with backlog schedules, contracts, accounting papers, cancellation rights and delivery plans. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is backlog segmented by legal enforceability and execution risk. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should remove amounts supported only by management aspiration. The model should include base, renewal,

delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

6. Classify contract type

The decision question concerns fixed-price, cost-reimbursement, time-and-materials, subscription, licence, capacity and service structures. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with contract clauses, pricing schedules, cost records and performance obligations. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is margin and cash behaviour by contract type. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should use contract-specific economics instead of one blended multiple. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

7. Test termination rights

The decision question concerns termination for convenience, cancellation, default, suspension, stop-work and partial-scope rights. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with applicable clauses, legal review, notice history and settlement provisions. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is recoverable cash under each termination state. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should deduct future margin that the customer can lawfully remove. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

8. Map option-year economics

The decision question concerns base periods, option years, exercise dates, notice windows, price resets and performance conditions. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with award documents, option schedules, past exercises and contracting-officer correspondence. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is renewal-weighted option cash. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should value each option as a conditional decision rather than committed term. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

9. Analyse task-order cadence

The decision question concerns the timing, size, mission purpose and conversion of orders under umbrella vehicles. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with order history, pipeline, agency forecasts and delivery capacity. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is a cohort-based order arrival model. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should distinguish recurring operational demand from episodic missions. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

10. Measure procurement-cycle duration

The decision question concerns elapsed time from requirement identification through solicitation, award, protest, obligation and delivery. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with procurement records, pipeline timestamps, bid files and award notices. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is cash timing and bid-cost burden. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should fund liquidity through realistic procurement delays. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

11. Test renewal evidence

The decision question concerns operational dependency, mission adoption, performance, budget sponsorship, switching cost and competitive alternatives. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with usage, acceptance, service levels, renewal records, budget documents and customer feedback. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is renewal probability supported by observed evidence. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should replace management confidence with a documented score. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

12. Measure mission criticality

The decision question concerns the consequence to the customer if data, tasking or analytics becomes unavailable. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with mission descriptions, operational use, response times, redundancy plans and acceptance criteria. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is durability linked to an identified decision. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should separate indispensable service from convenient information. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

13. Test utilisation and acceptance

The decision question concerns whether contracted capacity is actually tasked, delivered, accepted and used. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with tasking logs, delivery receipts, rejection records, user activity and invoices. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is accepted output and contribution by mission. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should avoid capitalising idle capacity or undelivered entitlement. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

14. Reconstruct service-level performance

The decision question concerns revisit, latency, availability, image quality, accuracy, resilience and support. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with telemetry, customer reports, incident records, remedies and credits. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is performance-adjusted renewal and margin. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should link service failures to contractual and customer consequences. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

15. Evaluate security-clearance dependency

The decision question concerns facility and personnel clearances, classified environments, key-person requirements and sponsorship. The diligence team should define the legal customer, economic customer,

contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with clearance registers, contract clauses, staffing plans and access records. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is revenue that survives ownership and personnel changes. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should make required approvals a closing condition. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

16. Evaluate data sovereignty

The decision question concerns where data may be collected, processed, stored, accessed and transferred. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with contracts, national rules, architecture, hosting records and customer permissions. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is cash available within each lawful operating perimeter. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should fund sovereign delivery environments before terminal value. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

17. Evaluate export controls

The decision question concerns remote-sensing licences, export classifications, sanctions, end-user restrictions and deemed exports. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with licences, classifications, customer screening and legal opinions. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is addressable revenue after legal constraints. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should exclude markets or integration plans that require unavailable permissions. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

18. Map dual-use constraints

The decision question concerns tension between defence, intelligence, civil and commercial uses of the same constellation, data or models. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with priority rules, licences, ethical policies, customer terms and capacity plans. The record

should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is capacity and margin by permitted use. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should price the opportunity cost of priority and exclusivity. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

19. Test ownership-change consents

The decision question concerns novation, assignment, foreign ownership review, control rights and customer approval. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with change-of-control clauses, regulatory requirements, security agreements and consent plans. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is revenue transferable to the proposed buyer. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should condition closing and consideration on critical consents. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

20. Identify prime and subcontractor risk

The decision question concerns dependency on a prime contractor for access, flow-down terms, payment and programme continuity. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with subcontracts, teaming agreements, payment history and prime-customer correspondence. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is cash net of intermediation and pass-through risk. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should avoid treating end-user importance as direct contractual protection. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

21. Reconstruct customer-level margin

The decision question concerns direct data acquisition, tasking, cloud, analyst, support, compliance and bid costs. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with project accounts, cloud telemetry, staffing, invoices and collections. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is collected contribution by customer and programme. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output,

customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should separate high revenue from high economic value. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

22. Measure working-capital exposure

The decision question concerns billing milestones, acceptance, unbilled receivables, retainage, collection periods and prepayments. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with contract assets, accounts receivable, invoices, cash receipts and dispute records. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is cash conversion by cohort. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should finance the actual collection cycle. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

23. Test backlog capacity

The decision question concerns whether satellites, ground stations, networks, analysts and delivery systems can execute reported orders. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with capacity models, tasking conflicts, staffing, maintenance and launch plans. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is deliverable backlog after operational constraints. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should deduct orders that exceed credible capacity. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

24. Test technical refresh obligations

The decision question concerns replacement satellites, sensors, software, model updates, cybersecurity and ground infrastructure. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with roadmaps, fleet age, capital budgets, incident history and customer requirements. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is free cash flow after sustaining investment. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should fund refresh before applying a terminal multiple. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

25. Assess competitive recompete risk

The decision question concerns award expiry, qualification criteria, competitor capabilities, price pressure and multi-vendor policy. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with solicitations, award history, bid evaluations and competitor evidence. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is probability-weighted recompete cash. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should cap renewal where a full competition resets economics. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

26. Assess protest and challenge risk

The decision question concerns bid protests, corrective action, stay periods, schedule delay and recompetition. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with procurement docket, counsel analysis and programme schedule. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is cash timing under challenge scenarios. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should include delay liquidity and bid-cost exposure. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

27. Distinguish national from international government risk

The decision question concerns budget process, currency, sovereign payment, local content, data localisation and political relationships. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with contracts, payment history, sovereign rules and hedging records. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is country-specific cash and discount rates. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should avoid pooling distinct sovereign risks. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

28. Construct the renewal score

The decision question concerns mission need, funding, legal term, performance, adoption, sponsor strength, competition and switching cost. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with the complete contract and operating evidence set. The record should reconcile contract

language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is a transparent probability for each period. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should use score overrides only with documented evidence. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

29. Construct the concentration stress

The decision question concerns simultaneous exposure to one sovereign, programme, budget line, mission and technical dependency. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with customer hierarchy, correlation map and downside scenarios. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is portfolio loss under correlated non-renewal. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should stress the common cause rather than independent customer failures. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

30. Build the hypothetical case

The decision question concerns USD 510 million of headline award and backlog claims. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with illustrative inputs separated from public company evidence. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is USD 326 million admitted before deductions. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should demonstrate mechanics without representing an actual company. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

31. Apply contract-quality deductions

The decision question concerns programme concentration, delay, termination, security, export, margin and working-capital execution. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with transaction-specific legal, commercial, technical and cash evidence. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is USD 151 million of deductions in the worked case. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should retain deductions until their release evidence exists. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

32. Set transaction protections

The decision question concerns price, holdbacks, earn-outs, escrows, representations, covenants and consent conditions. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with risk register, valuation bridge, consent plan and financing. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is consideration aligned with realised contract cash. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should tie contingent payment to funded accepted and collected outcomes. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

33. Set lender protections

The decision question concerns borrowing base, eligible backlog, concentration limits, cash dominion, liquidity and reporting. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with financing documents, customer cash model and downside case. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is debt capacity supported by resilient cash. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event, evidence and time horizon are stated. For transaction purposes, the board should exclude unfunded options and cancellable ceilings from collateral. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

34. Design post-close governance

The decision question concerns authority over bids, pricing, capacity, security, customer delivery, capital and integration. The diligence team should define the legal customer, economic customer, contract identifier, programme, mission, jurisdiction, period and accountable owner. Evidence should begin with board mandates, programme dashboards, assurance and escalation rules. The record should reconcile contract language, procurement status, operational delivery, accounting and cash. Each exception needs a dated owner and a specified consequence for price, financing or closing.

The analytical output is accountable renewal and cash delivery. Revenue should pass through the contract-to-cash sequence: available vehicle, funded authority, executable order, delivered output, customer acceptance, invoice and collection. A probability can be used for future states only when the event,

evidence and time horizon are stated. For transaction purposes, the board should refresh valuation when contract evidence changes. The model should include base, renewal, delay, termination and loss cases, together with capture, compliance, capacity, technical refresh, tax and working-capital costs.

Conclusion

Government contracts can support durable value in a space-data business when operational need, funding, legal rights, performance, acceptance and collection reinforce one another. A contract title, multi-year period or large ceiling does not by itself establish that durability. The valuation must follow each programme through the procurement and delivery states that produce cash.

The framework separates customer and programme concentration, then applies renewal, delay, termination, transfer, security and execution tests. It retains value for options and follow-on demand only where the decision path and evidence are explicit. It also funds the constellation, data, people, compliance and working capital required to serve the customer.

For a board or investment committee, the resulting decision is whether the proposed price and capital structure remain supportable when the largest programme is delayed, reduced, re-competed or lost. That answer should govern valuation, financing, conditions, contingent consideration and the post-close operating plan.

Appendix A. Contract-to-cash evidence register

The minimum register records sovereign, agency, programme, contract, vehicle type, ceiling, funded obligation, task orders, base period, option periods, termination rights, appropriations dependency, deliverables, acceptance, invoices, collections, direct cost, contribution, clearances, licences, consent requirements, renewal evidence and accountable owner.

Appendix B. Renewal decision record

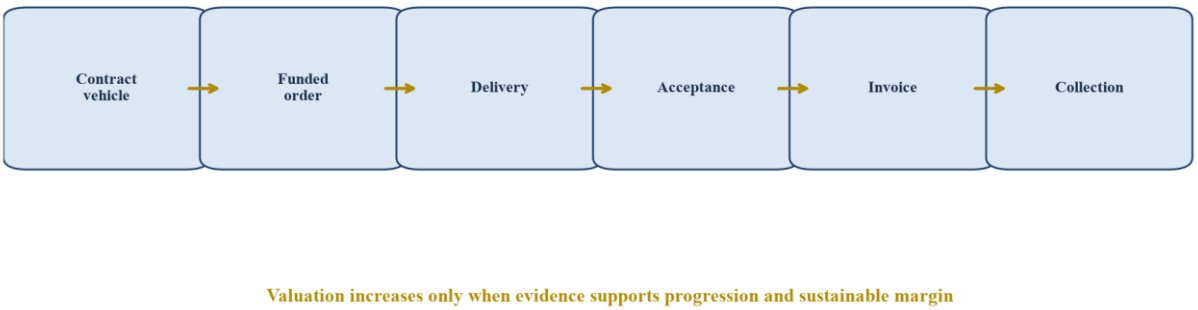
For each material contract, record mission need, budget line, sponsor, funding status, performance, operational adoption, switching alternatives, procurement route, competition, option dates, consent requirements, customer correspondence and downside action. Every probability should refer to this record.

Appendix C. Transaction approval checklist

The approval file should contain the customer hierarchy, contract inventory, funding and order evidence, acceptance and collection history, backlog reconciliation, concentration stress, capacity plan, security and export review, ownership-change consent plan, worked valuation bridge, downside liquidity, transaction protections and post-close governance.

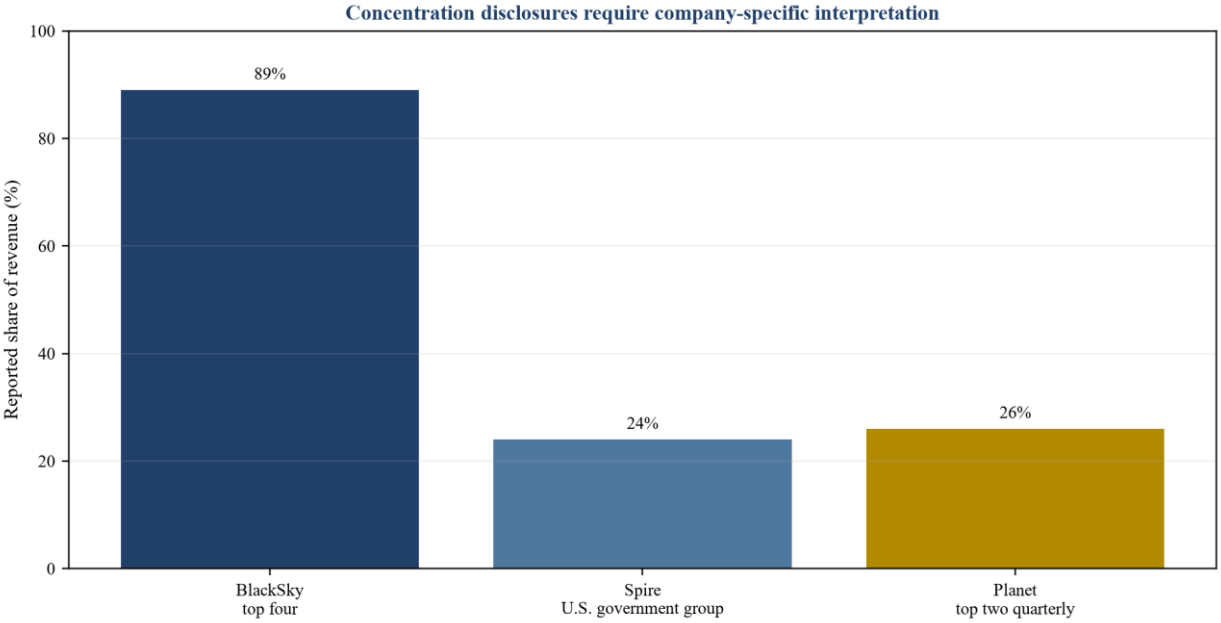
Appendix D. Worked-case figures and tables

Figure 1. Government contract-to-cash architecture



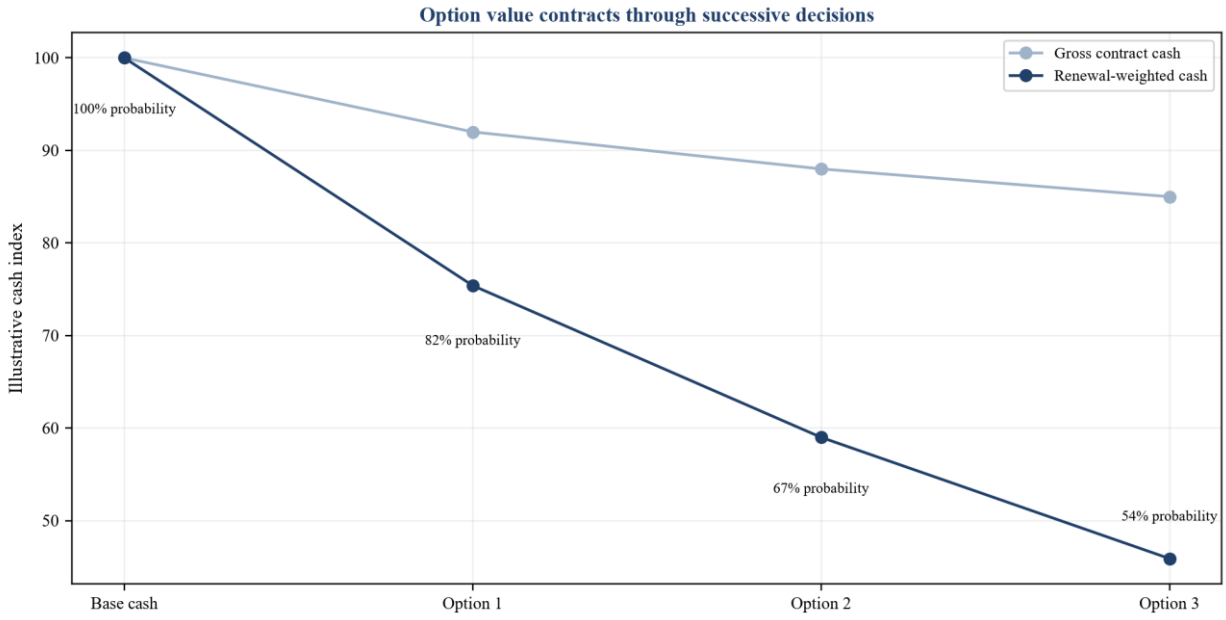
Proposed sequence separating procurement access from collected contribution.

Figure 2. Reported customer concentration examples



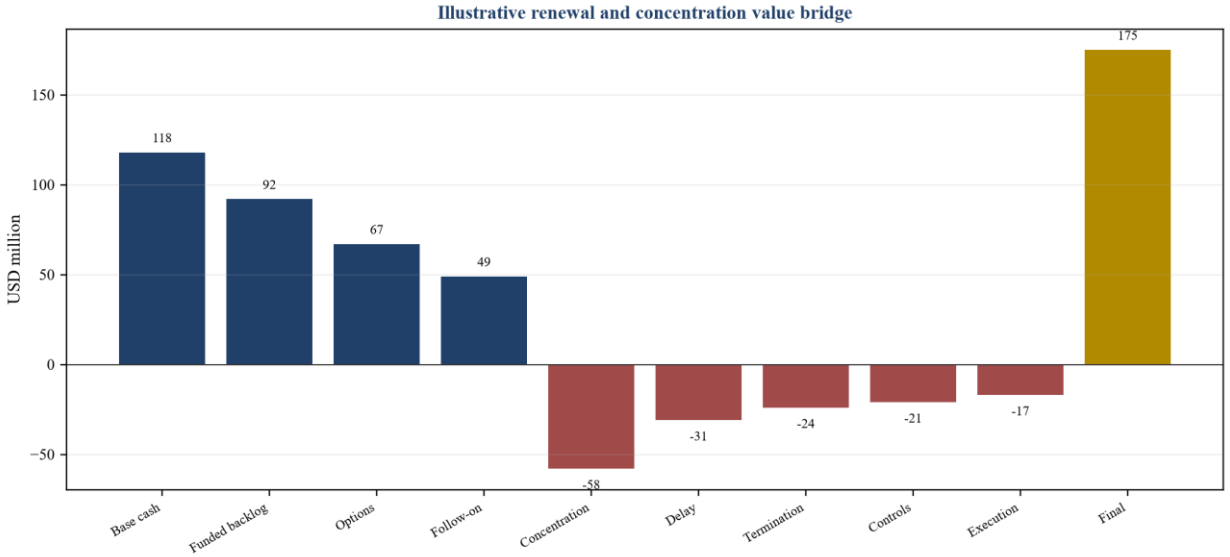
Publicly reported 2025 revenue concentration for BlackSky and Spire; Planet figures show its April 2026 quarter.

Figure 3. Hypothetical option-year renewal tree



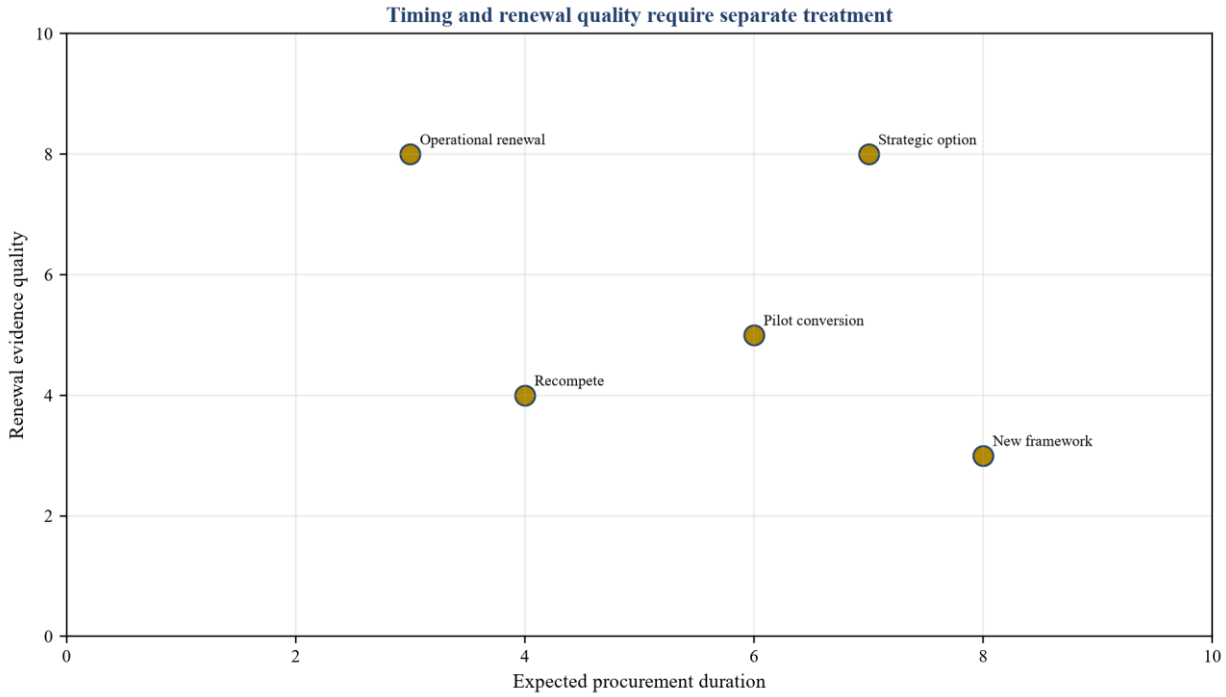
Illustrative conditional cash across three option decisions.

Figure 4. Hypothetical government-revenue value bridge



Illustrative bridge from admitted cash components to value after contract-quality deductions.

Figure 5. Procurement duration and renewal quality matrix



Proposed matrix linking cash timing and renewal evidence.

Table 1. Contract-to-cash valuation states

State	Minimum evidence	Valuation treatment
Contract vehicle	executed access and eligible scope	no assumed orders
Funded authority	obligation or equivalent evidence	subject to order and performance
Order	executable scope, price and period	subject to delivery
Delivery	verified output and service level	subject to acceptance
Acceptance	customer confirmation or deemed acceptance	billable amount
Collection	cash receipt net of direct cost	realised contribution

Proposed separation of headline awards from collected contribution.

Table 2. Public concentration disclosures

Company	Disclosed concentration	Period
BlackSky	four customers represented 89% of revenue	year ended 31 December 2025
Spire	one U.S. government customer group represented 24% of revenue	year ended 31 December 2025
Planet	two customers represented 15% and 11% of revenue	quarter ended 30 April 2026
Planet	one customer represented 33% of accounts receivable	30 April 2026

Company disclosures for stated reporting periods; comparisons require contract and accounting context.

Table 3. Renewal evidence ladder

Level	Evidence	Treatment
Mission interest	stated need or pilot	pipeline only
Procurement access	eligible framework or vehicle	route to compete
Budget sponsorship	identified programme and funding path	conditional renewal
Funded order	executed and obligated order	backlog subject to performance
Accepted delivery	met contractual criteria	billable cash
Collected renewal	paid repeat order	observed renewal cohort

Proposed hierarchy for option and follow-on value.

Table 4. Hypothetical value bridge

Step	Amount	Required evidence
Collected and contracted base cash	118	contract, delivery and collection
Funded backlog	92	executable funded orders
Probability-weighted options	67	option schedule and renewal score
Qualified follow-on orders	49	programme and procurement evidence
Programme concentration	minus 58	correlated loss stress
Procurement delay	minus 31	cycle and liquidity model
Termination exposure	minus 24	clause and recovery analysis
Security and export constraints	minus 21	approvals and lawful perimeter
Margin and working-capital execution	minus 17	customer contribution and cash cycle
Final illustrative value contribution	175	integrated evidence set

All amounts are illustrative USD millions.

Table 5. Transaction protections

Risk	Potential protection	Release evidence
Ownership consent	closing condition	written approval or completed novation
Option exercise	earn-out	funded exercised option
Customer retention	contingent consideration	collected retained contribution
Security clearance	holdback	required facility and personnel status
Backlog delivery	milestone payment	accepted deliverables and invoices
Concentration	price deduction	diversified collected cash

Proposed allocation of unresolved government-contract risk.

Table 6. Lender eligibility tests

Asset	Potential eligibility	Core exclusion
Collected receivable	subject to ageing and offset	disputed or overdue amount
Accepted unbilled work	documented acceptance	performance still conditional
Funded backlog	advance rate after capacity test	termination or funding uncertainty
Option years	generally excluded	customer decision outstanding

Asset	Potential eligibility	Core exclusion
Vehicle ceiling	excluded	no order or obligation
International sovereign cash	country-specific test	transfer, currency or sanctions restriction

Proposed borrowing-base discipline.

Table 7. Post-close contract dashboard

Dimension	Core measure	Trigger
Funding	obligated and available amount	reduction or lapse
Orders	value, timing and conversion	cadence below case
Performance	accepted delivery and service levels	breach or credit
Renewal	option and recompete evidence	score deterioration
Concentration	sovereign, agency and programme shares	limit breach
Cash	invoicing, collection and contribution	liquidity shortfall
Controls	clearances, licences and security	approval or incident

Proposed monthly board record.

Frequently asked questions

Q: Should a contract ceiling be valued as backlog? A: A ceiling defines potential procurement capacity. Backlog value requires funded, enforceable and executable orders, adjusted for cancellation and delivery risk.

Q: How should option years be valued? A: Model each option as a conditional customer decision supported by mission need, funding, performance, procurement evidence and competitive position.

Q: Is government revenue automatically lower risk? A: Credit quality may be strong, while renewal, timing, termination, concentration, security and working-capital risks remain material.

Q: How should termination for convenience affect value? A: Review the specific clause, recoverable costs, settlement rights, lost future margin and resulting liquidity under a termination scenario.

Q: How should customer concentration be measured? A: Measure sovereign, department, agency, programme, prime contractor, mission, budget line and technical dependency, then stress correlated loss.

Q: What evidence supports a renewal premium? A: Funded mission need, operational adoption, accepted performance, sponsor support, switching cost, favourable recompete position and collected repeat orders support renewal value.

Q: How do dual-use restrictions affect valuation? A: They may limit customers, data use, priority, ownership, export, hosting or integration. Value should reflect the lawful and operationally feasible perimeter.

Q: What is the central board decision? A: The board must decide whether renewal-weighted free cash flow supports the price and financing after a severe but plausible programme downside.

References

[1] BlackSky Technology Inc., Annual Report for the year ended 31 December 2025. https://www.sec.gov/Archives/edgar/data/1753539/000175353926000032/bksy-20251231.htm

[2] Spire Global Inc., Annual Report for the year ended 31 December 2025. https://www.sec.gov/Archives/edgar/data/1816017/000119312526116169/spir-20251231.htm

[3] Planet Labs PBC, Quarterly Report for the quarter ended 30 April 2026. https://www.sec.gov/Archives/edgar/data/1836833/000119312526258304/pl-20260430.htm

[4] Planet Labs PBC, Annual Report for the year ended 31 January 2026. https://www.sec.gov/Archives/edgar/data/1836833/000119312526119957/pl-20260131.htm

[5] National Reconnaissance Office, Electro-Optical Commercial Layer awards, 25 May 2022. https://www.nro.gov/Portals/65/documents/news/press/2022/press_release_05-22.pdf

[6] U.S. Government Accountability Office, National Security Space: Actions Needed to Better Use Commercial Satellite Imagery and Analytics, GAO-22-106106. https://www.gao.gov/products/gao-22-106106

[7] U.S. Government Accountability Office, National Security Space: Overview of Contracts for Commercial Satellite Imagery, GAO-23-106042. https://www.gao.gov/products/gao-23-106042

[8] U.S. Government Accountability Office, National Security Space: DOD Has Opportunities to Improve Its Use of Commercial Data and Related Services, GAO-26-107959. https://www.gao.gov/products/gao-26-107959

[9] NASA, Commercial Satellite Data Acquisition Programme. https://science.nasa.gov/earth-science/csda/

[10] U.S. Federal Acquisition Regulation, Part 49, Termination of Contracts. https://www.acquisition.gov/far/part-49

[11] U.S. Federal Acquisition Regulation, Section 12.403, Termination. https://www.acquisition.gov/far/12.403

[12] U.S. Federal Acquisition Regulation, Clause 52.249-2, Termination for Convenience of the Government. https://www.acquisition.gov/far/52.249-2

[13] U.S. Federal Acquisition Regulation, Section 8.406-5, Termination for the Government's Convenience. https://www.acquisition.gov/far/8.406-5

[14] U.S. Government Accountability Office, Satellite Acquisitions: Agencies May Recover a Limited Portion of Contract Value When Satellites Fail, GAO-17-490. https://www.gao.gov/products/gao-17-490

[15] U.S. National Institute of Standards and Technology, Cybersecurity Framework 2.0. https://www.nist.gov/cyberframework

[16] U.S. National Institute of Standards and Technology, Artificial Intelligence Risk Management Framework 1.0. https://www.nist.gov/publications/artificial-intelligence-risk-management-framework-ai-rmf-10

[17] U.S. Department of Commerce, Bureau of Industry and Security, Export Administration Regulations. https://www.bis.gov/regulations/ear

[18] Office of Foreign Assets Control, Sanctions Programs and Country Information. https://ofac.treasury.gov/sanctions-programs-and-country-information

[19] Committee on Foreign Investment in the United States, CFIUS Overview. https://home.treasury.gov/policy-issues/international/the-committee-on-foreign-investment-in-the-united-states-cfius

[20] IFRS Foundation, IFRS 15 Revenue from Contracts with Customers. https://www.ifrs.org/issued-standards/list-of-standards/ifrs-15-revenue-from-contracts-with-customers/

[21] IFRS Foundation, IFRS 3 Business Combinations. https://www.ifrs.org/issued-standards/list-of-standards/ifrs-3-business-combinations/

[22] IFRS Foundation, IAS 36 Impairment of Assets. https://www.ifrs.org/issued-standards/list-of-standards/ias-36-impairment-of-assets/

[23] IFRS Foundation, IFRS 13 Fair Value Measurement. https://www.ifrs.org/issued-standards/list-of-standards/ifrs-13-fair-value-measurement/

[24] International Valuation Standards Council, International Valuation Standards. https://www.ivsc.org/standards/

[25] European Union, Regulation (EU) 2024/1689 laying down harmonised rules on artificial intelligence. https://eur-lex.europa.eu/eli/reg/2024/1689/oj

About the Author

Chennakeshav (CK) is a corporate finance and investment banking executive with 25+ years of global experience in deal origination, structuring and execution across M&A, growth capital and corporate strategy. He has led value-creation mandates for founders, corporates and funds — bridging the boardroom view to hands-on execution and closure.

His career spans Morgan Stanley, HSBC, Lloyds Banking Group, EWEC, ADQ portfolio companies and Emirates Growth Fund, across TMT, real estate, fintech, deeptech, cleantech, infrastructure and energy. He has partnered with C-suite leaders, private equity and venture funds, sovereign wealth funds and family offices to finance complex fund raises and scale-up ventures, and has led M&A due diligence, post-merger integration and business-transformation initiatives to create value.

At Matchpoint Partners, he is Managing Partner and leads the firm's corporate finance, M&A and capital-raising practice. He holds an MBA from London Business School, an engineering degree from VTU and a Master of Laws (LLM, in progress) from UCL London.

An active start-up mentor, CK mentors at Techstars, DIFC FinTech Hive, Startup Grind, Founder Institute and IN5, serves as Entrepreneur Mentor in Residence (EMiR) at London Business School, and judges the Entrepreneurship World Cup.

https://www.linkedin.com/in/ckadya/

https://www.matchpoint-partners.com/team/ck-adya.html

This paper is part of a continuing series on the structure of private and alternative markets. The views expressed are the author's own. The paper is for information only, describes market structure in general terms, and does not constitute investment, legal, tax or regulatory advice or a recommendation in respect of any security, vehicle or counterparty.