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satellite evolution

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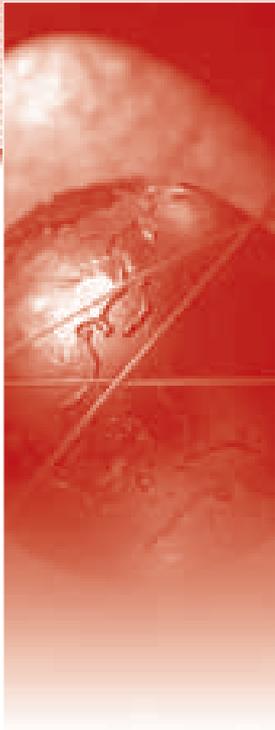
SPACE INSURERS: the ultimate bearers of risk

Old wireless: new wireless

Satellite broadcasting

LAUNCH ISSUE

Incorporating Asia-Pacific Satellite magazine



*Robert Bell,
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World Teleport
Association*

Pressured by challenging times, satellite companies are identifying clearly where they can add significant value to the customer's business, and where they cannot. In the process, they are finding new applications for long-established technologies and developing creative solutions in narrow market niches. Robert Bell, Executive Director, World Teleport Association (WTA) explains.

Old wireless new wireless

▶▶ What will be the hot areas in satellite communications in the next 12 months?

Well, growth for one thing, as opposed to decline. The transponder capacity overhang continues to be fierce in the region and is having its inevitable effect on prices. A senior sales executive for a satellite operator told me that, even on contract renewals, his company was having to offer discounts of 20-30 per cent in order to remain competitive. Satellites which offer high-value neighbourhoods for cable TV or DTH have a stronger position to defend and consequently do better at holding prices. But a substantial amount of new satellite capacity is under construction or preparing for launch, which can only deepen the capacity well. For the next 2-3 years, it appears that satellite operators will have to configure their businesses to succeed on smaller margins than in the past.

But - in discussions with the executives of satellite carriers, teleport operators and technology providers - I find the mood to be tough rather than grim, cautiously optimistic rather than pessimistic. There are opportunities for growth and eager competitors are working hard to seize them.

Two positive factors are at work

Lower prices for satellite capacity will tend to spur greater demand, by making satellite connectivity affordable for new users. The other factor is technological progress and the ingenuity of the people who apply it.

Globecom Systems, Inc. (GSI) is an US-based systems integrator that, beginning in the late 1990s, branched out into providing satellite communications services as well. Its stated goal is to provide customers not just technology, but an end-to-end solution

encompassing systems and connectivity. In 2002, GSI (www.globecommsystems.com) developed just such a solution for the Kingdom of Tonga, which occupies an archipelago of islands in the South Pacific.

The solution is a hybrid of satellite and fiber, old wireless and new wireless. GSI connects via fiber from its network operations centre at the Long Island International Teleport in New York state to the FiberSat Global teleport in Los Angeles, and then via satellite to earth stations on the Tongan islands of Va'ava'u, Ha'apai and Tongatapu. In Tonga, GSI designed for Shoreline Communications (Tonga) Ltd. a wireless distribution system to support multiple voice, data and video services on a single platform throughout the island groups.

This included a unique IP-based GSM cellular network offering international roaming, digital TV distribution, and broadband wireless data services for Internet, VPNs, videoconferencing, distance learning and telemedicine.

Xantic (www.xantic.com) of the Netherlands is another innovator. In August, the company announced the signing of an agreement with Faslink Communications to deploy turnkey telecom solutions to financial institutions across the 7,100 islands of the Philippines. Faslink will offer on-line data service to over 2,800 banks, using EFT/POS and ATM switching facilities to support LAN-to-LAN and LAN-to-WAN connection. The transport component of the network is provided by Xantic's Mobile Packet Data Service (MPDS) accessed via Global Area Network terminals. MPDS is an always-on 64 Kbps service that is billed by the packet and delivered via satellite - to be specific, over the L-band satellites of the Inmarsat system, for which Xantic is a major reseller

and integrator. And that's what makes this a story of innovation. Inmarsat is the dominant provider of maritime communications service to ships at sea and offshore oil platforms via its proprietary network of L-band satellites.

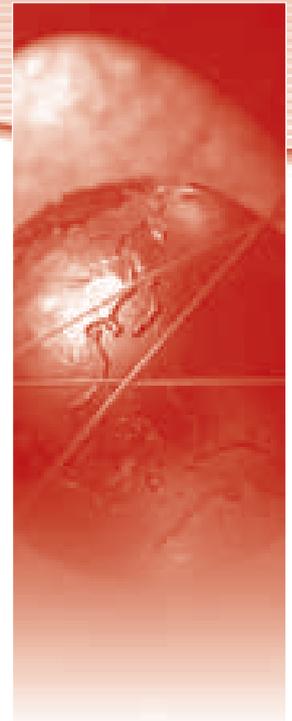
In a fairly glacial response to customer demand, it has gradually rolled out data services to complement its original voice offerings, and will eventually launch new Series 4 satellites, now under construction, capable of boosting the data rate above the 64 Kbps barrier. But in the meantime, Xantic and other resellers of Inmarsat service are finding new applications for this capacity that extend far beyond the maritime core.

These contracts are examples of a welcome trend in the industry. Pressured by challenging times, companies are identifying clearly where they can add significant value to the customer's business, and where they cannot. In the process, they are finding new applications for long-established technologies and developing creative solutions in narrow market niches. For an industry that was content for too long with selling big pipes to the broadcast industry-and counting on relative scarcity to keep the price of that commodity high - the bad news of today is actually good news for the long term. One of Asia's great contributions to world culture is Buddhism, which

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Robert Bell is Executive Director of World Teleport Association (www.worldteleport.org), where he is responsible for the programs, finances and operations of the Association. WTA is a nonprofit trade association of teleports, satellite and terrestrial carriers, technology providers, investment houses and consultants in 20 nations around the world. Headquartered in New York City, WTA has an Asia Secretariat in Tokyo and a Greater China Bureau office in Hong Kong. The association helps its members build their businesses by educating them on issues, researching their markets, feeding them sales leads from potential customers around the world, and connecting them to strategic allies. Mr. Bell welcomes comments and can be reached at rbell@worldteleport.org.

teaches that the central reality of life is ceaseless change. The faster our industry embraces that truth and adapts to new demands and new opportunities, the faster we will reboot growth. ■



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