

ATCi: The Teleport Operator Re-Invented

By Robert Bell

“There was a time,” says Gary Hatch, “when satellite carriers just leased transponders and teleport operators just uplinked signals. Today, you have to come to the table as a solutions provider. When the telecom recession hit, all CEOs had to look hard at their numbers and decide how to make a profit. If you’re a teleport operator, the only way to make a profit is to help your customer make money.”

Hatch is president and CEO of Antenna Technology Communications Inc., a member of the World Teleport Association that is better known as ATCi. The company operates a teleport in Chandler, Arizona and has earth stations on the roof of the One Wilshire Boulevard POP in Los Angeles. The Chandler site was purchased in 2001 and construction began in 2002 – an extreme example of bad timing, there in the thick of the satellite industry recession. But ATCi’s business is not about conventional uplinking. In fact, to call ATCi a teleport operator requires you to change your notion of what teleport operators do. In this, Hatch is typical of today’s successful operators, for whom teleports have become a platform for the delivery of comprehensive business solutions.

“I look at everything we’re involved with,” he says, “and ask: Can we help this guy? Can we be more than just a vendor to him? Let’s figure out how to make his business plan work, because that’s how we’ll prosper. I deal a lot with the entertainment community. When it comes to distribution, they’re used to just going through brokers. We tell them that they can go direct to the market and get a lot more of the upside, and that’s a message that gets their attention.”

Engineering a Competitive Advantage

ATCi started out as ATC, an engineering company doing integration for the broadcast market and cable TV. Hatch explains that he was an early investor who, in 1992, decided to buy some of ATC’s technologies and start a new business focusing on the transition from analog to digital. One of these technologies was Simulsat, a multi-beam antenna that can see up to 35 satellites, which offers obvious advantages to a cable headend at a time when the number of channels is fast expanding. To date, according to Hatch, ATCi has installed Simulsat antennas in 2,000 cable headends and provides channel distribution to systems serving 40 million subscribers.

That installed base of equipment and service has become ATCi’s biggest driver of growth. “People wonder why there are 500 channels and nothing to watch,” he says. “There’s no innovation among the majors in this business. Producers are innovators and they need a route into the marketplace. You can now launch a new channel for \$2-3 million, which is just about one-third of what it cost a short while ago. And here we are with this massive open distribution platform, which offers them big upside opportunities.”

ATCi has a ten-year track record of building cable channels for entrepreneurs, from the Sci-Fi network to ethnic, home shopping, fashion and other niche channels. ATCi provides ingest, archiving, assembly of content and commercials into a program stream, encryption, conditional access, playout, uplinking and transponder capacity. Where new

channels incorporate a heavy data stream, ATCI can also provide fiber distribution, though satellite still brings 90% of the bandwidth to the headend.

Making Deals

These days, however, ATCI's most important service to the customer has nothing to do with technology. "We've been there and done that in terms of sponsorship and advertising for new channels," says Hatch, who estimates that he has been involved in one way or another with at least 120 new TV channels. "So it's fairly easy for us to refer producers we believe in to the revenue sources they need to complete their models. We also are able to take an equity position when that makes sense. My goal is to have the 10 channels we originate now rise to 20 channels next year, and to be involved at an equity level in 10 of them."

At a time when many satellite professionals are wrestling with a stagnant market, Hatch is resolutely focused on growth. "Cable still has great potential," he says. It's a great medium because you can nearly build a channel system by system. We find that you have to get a few million subscribers and then the advertising dollars start to roll in and the satellite TV providers have to notice you."

He believes that technology will also open up new possibilities. "IP markets are going to come forward in a big way. Every telco in the world is looking at video. When you're switching video, MPEG-4 will become critical because it provides a much better algorithm. There will be a big transition with MPEG-4 that can create a lot of opportunity for teleport operators. Not only will telephone exchanges turn into the equivalent of headends, the higher compression should also give a strong push to broadband over satellite, which creates yet more opportunities."

Teleport operator? Deal maker? Investor? Under Gary Hatch, ATCI is aiming to be all three. Its teleport facilities have become the essential infrastructure for achieving an ambitious plan. "Before the year 2000," says Hatch, "everybody in the satellite business just wanted to charge people for their services. Now we have to help make their business models work, and that's a much more powerful position to be in."



This is the first in a series of articles exploring how the teleport sector is adapting to a fast-changing satellite communications marketplace. Robert Bell serves as the Executive Director of the World Teleport Association and invites your comments at rbell@worldteleport.org.