

Key satellite industry trends to watch in the new decade

BY VIRGIL LABRADOR

LOS ANGELES – We have gone through not just another year, but another decade—the first one of the new millennium. Enter 2011, which now marks the beginning of a new era for the satellite industry.

Looking back, the last decade started pretty badly for the industry with the telecom and dot.com bust from 2001-03. This was followed by a short recovery, and then followed by one of the worst recessions in recent memory from 2007-09. The decade ended with a slow recovery and, for the most part, on a positive note.

The satellite industry has weathered the global economic crisis better than other industries. The period between 2007 to the present represented some of the largest investments in new satellite infrastructure in the history of the industry.

According to NSR's *Global Assessment of Satellite Supply and Demand, 7th Edition*, the worst global economic crisis since the Great Depression did little to slow down the worldwide commercial satellite capacity leasing market.

NSR's study estimates the industry picked up over US\$400 million in new leasing revenues in 2009, reaching \$9.7 billion as of the end of last year. The research firm also estimates that the total commercial satellite capacity leasing revenues will increase by \$6.6 billion over the period between 2009 and 2019.

For those working in the Asia-Pacific satellite industry, they can take heart in the fact that not only has the satellite industry come out of the recession stronger than before, but that the Asia-Pacific region is at least six months ahead of North America and Europe economically in recovering from the downturn.

Most Asia-Pacific countries hardly felt any effect caused by the crisis. In fact, the region is leading other regions in many indicators of growth, such as broadband and pay-TV subscribers, having more than the rest of the world combined.

That is quite a head start for a new decade. But the Asia-Pacific region had shown so much promise before and not fulfilled its full potential. This decade might be different. The Asia-Pacific region is decidedly on a growth path, with sound economic policies in place in some of the fastest-growing countries with huge



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In the past year, the Asian satellite industry was marked by significant changes. The industry experienced consolidation of assets that saw fewer single-satellite operators in the region.

Hong Kong-based Asia Broadcast Satellite (ABS) expanded its fleet through key acquisitions including that of the Philippine satellite operator Mabuhay, and is now a major player in the region. ABS also became the first Asia-based satellite operator to earn a larger share of its revenues from outside of Asia through its aggressive marketing in Eastern Europe and beyond.

Malaysia-based satellite operator, Measat, was privatised in 2010 under the majority ownership of business magnate Ananda Krishnan, a move that was seen by analysts to give the company more latitude in pursuing investment opportunities in India, China and other regions. Measat was the first Asian satellite operator to launch a satellite for the African market in 2008 called *Africasat-1*, which was followed in January 2010 by the launch of *Africasat-2*.

The new decade starts with so much promise for the Asia-Pacific satellite market. However, let us start with trends that are not as hot as we might be led to believe. In almost every trade show in 2010, 3D was showcased as the

next big wave that will sweep the industry. However, more realistic projections show a more modest growth for 3D through the next decade. Research firm NSR's best estimate is that less than 200 full time 3D channels will be carried globally within the coming 10 years. This total compares to almost 6,000 HD channels expected by the end of the same time period.

"While 3D is certainly important to different segments of the industry, it will generate in capacity terms the equivalent of a few additional transponder leases in each key region of the world as of 2019. This is tiny compared to HD, and even SD, which implies that the 3D monster is really a pussycat when it comes to driving new capacity demand," said NSR.

If not 3D, what would then be the key trends to watch in the coming decade? Well, we have discussed some of these in my previous columns and I will summarise them here:

■ **Asia will continue to lead broadband growth:** All indicators point to continued increase in broadband subscribers in the region. An upwardly mobile, and more affluent, Asian population will be driving bandwidth demands on networks continuously. In 2010 alone, Asia was responsible for more than 53% of the broadband lines added, with China alone accounting for 45%

of the total lines added worldwide, according to the Broadband Forum.

■ **Multi-platform media delivery will be the norm:** The new decade is no time to be one dimensional. Discerning consumers will be demanding to watch, surf and connect on three screens (TV, computer or mobile device). Pyramid Research estimates there will be 59 million mobile video users in the Asia-Pacific by this year-end. Over the next five years, this user base will increase, at a CAGR of 23%, to reach over 250 million subscribers and will generate a cumulative \$31 billion from mobile video services in the Asia-Pacific.

■ **The decade of Ka-Band:** If the '70s and '80s were the decades of C-Band which started satellite-TV distribution and the '90s and 2000s were the decades of Ku-Band and the emergence of direct-to-home (DTH) services, I think it is safe to say that the next couple of decades will be dominated by Ka-Band, which is ideal for broadband applications and uses scarce bandwidth more efficiently.

Ka-Band has been very successful in North America and is now emerging in Europe with the launch of *Hylas-1* satellite in November 2010 and the scheduled launch of *Cutelstat's Ka-sat*. In the next couple of years, new Ka-Band systems are debuting in the

Middle East with *Yahsat* and the O3B all-Ka-Band system finally obtaining enough funding to launch their global system aimed at developing countries, which includes large portions of Asia.

Asian operators will play a bigger role in other emerging regional markets. As we have seen with ABS' and Measat's successful foray in Eurasian and African markets, we will most likely see Asia-based satellite companies playing a larger role in other regions, including the emerging markets of Latin America. This booming region will take some of the spotlight during this decade with the FIFA World Cup and the Summer Olympics scheduled in Brazil in 2014 and 2016 respectively.

All these trends bode well for the Asia-Pacific satellite industry. It will be very interesting to see how the industry will be able to seize the opportunities that lie ahead.



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