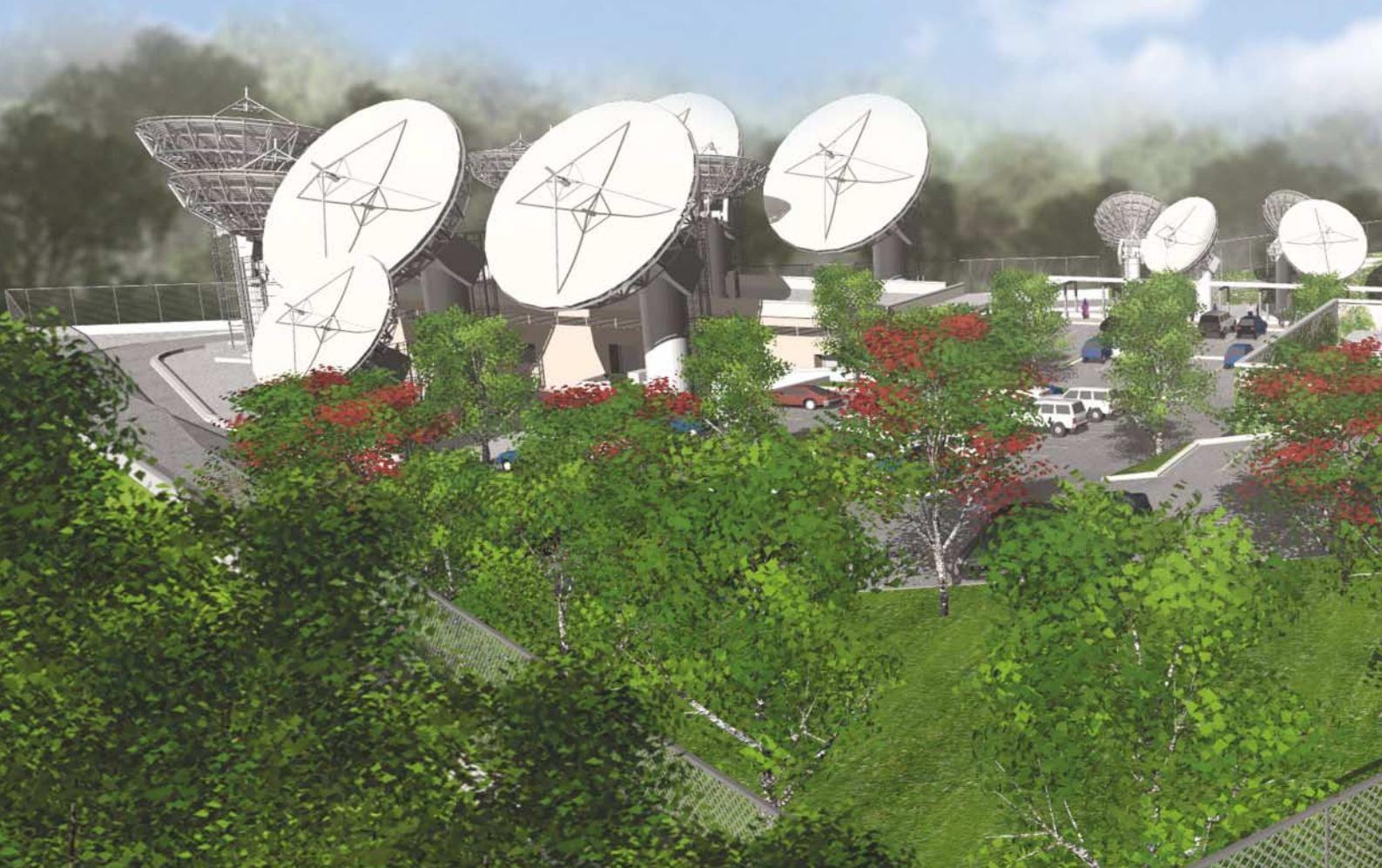
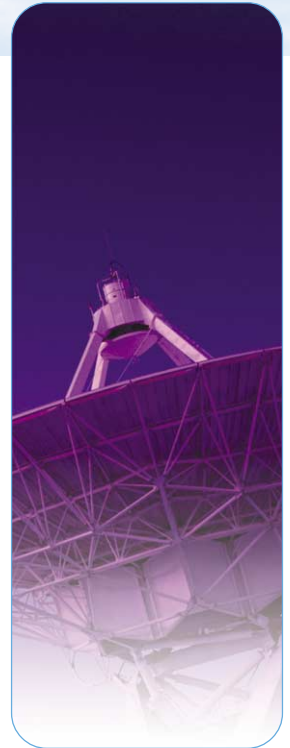


A not-so-simple job

Becoming an end-to-end solution provider seems to be the way forward for satellite operators. However, not all satellite companies are fully aware of what it would take them to offer value-added services. By Paul Brown-Kenyon, Vice President (VP) of Sales and Marketing at Malaysia's Binariang/MEASAT.





Far Left, artist's impression of the new teleport. Photo courtesy of Binariang Satellite Systems. Above: an artist's impression of the MEASAT-3 satellite.

▶▶ **With the demand-supply balance** in the satellite transponder market still working its way through, and with some customers viewing space segment capacity as a commodity product to be purchased solely on price, pricing of transponder capacity has fallen significantly over the last few years. In extreme cases, for traffic with flexibility to move between satellites, transponder lease rates have fallen to, or below, the true cost of service as some satellite operators seek to secure any contribution against large sunk investments.

Faced with this tough operating environment satellite operators have continued to search for ways to differentiate their offerings: some have been able to achieve this through strong video neighbourhoods (eg, PAS10); others designed satellites with beams tailored to specific needs - such as Direct-To-Home (DTH) in the high rain region of Southeast Asia (eg, MEASAT-2); while yet others have developed proprietary technology they believe will open up new market opportunities (eg, IPSTAR). Faced with a tough environment, there has also been significant discussion around the development of 'value-added services', 'differentiated offerings' or 'complete solutions'. In the simplest form, this involves bundling space segment capacity with uplink or Internet Protocol (IP) termination. In the most complex, it can involve fully hosted applications for corporate customers.

The movement from a simple product to a complete solution including incremental services is not revolutionary. Across many maturing industries, where companies face severe price pressure from low cost entrants, incumbents have moved to differentiate their offerings and maintain margins by developing new services: in the Information Technology (IT) sector, for example, IBM developed a consulting and system integrating divisions to help package IBM hardware and software; in the aero engine business, GE now provides financing services to airlines to help them purchase their engines, as well as maintenance to pro-

vide long term after sales contracts. It is no surprise, therefore, that in a World Teleport Association (WTA) survey conducted in 2004, 100 per cent of respondents agreed end-to-end solutions represent the future of the satellite industry.

Satellite 'solutions'

For customers, the provision of a 'solution' provides many advantages. It allows companies with limited expertise in using satellites to leverage their benefits without investing heavily in technology. For those already possessing the knowledge, it provides an opportunity to outsource what may not be a core function. For all, it offers the possibility of lower cost and greater levels of service through a single provider.

For satellite operators, there are also significant benefits. The provision of additional services increases the potential market share for satellite operators, allowing them to funnel traffic onto their satellite. If the services provided are 'unique', they offer an opportu-

About MEASAT

The MEASAT satellite network, owned and operated by Binariang Satellite Systems Sdn Bhd, is a premium provider of satellite communication services to Asia's leading broadcasters, telecommunications providers and Direct-To-Home (DTH) operators. The MEASAT system today serves customers in South East Asia, IndoChina, South Asia and Australia.

The launch of MEASAT-3 in mid 2005 will provide customers with a satellite capable of reaching 70 per cent of the world's population through a single high powered C-band beam. Co-located with MEASAT-1 at 91.5 degrees East, MEASAT-3 will also provide customers with in-orbit redundancy for both C and Ku-band services. ■



Antenna farm. Photo courtesy of Binariang Satellite Systems

nity to satellite operators to differentiate their offerings even if their satellites lack the power or coverage of others. Finally, a movement into incremental services provides satellite operators with new growth options, or profit centres, in addition to their core business.

Faced with such a win-win situation, it seems clear that satellite operators should move, and move rapidly, into providing complete customer solutions. There are, however, significant challenges that can prevent all but the most professional and well financed operators from moving successfully into this area.

In the first instance, for a satellite operator without a fully equipped customer teleport, the development of value added services requires significant investment in ground infrastructure. The antenna farm, HBA building, fibre connectivity, servers, routers playout facilities etc, each with it is required level of redundancy, represents a significant investment that needs to be financed.

In addition to investing in equipment, the satellite operator needs to invest in organisational capabilities. For an operator that has focused to date on operating spacecraft, there is significant investment needed in

understanding new technologies, processes, and customer requirements. With customer support required 24 x 7, this often requires replicating existing satellite control/payload operations group to support new services.

Conflict management

A final challenge is one of conflict management: how to manage conflict with existing customers who may be providing services. The development of services which compete in markets currently served by existing Very Small Aperture Terminal (VSAT) operators, teleports or system integrators has the potential to drive away existing traffic with impact on current and future sales.

With these challenges, it is clear that few organisations possess the required resources (either human or financial) to develop all but the most simple of value added services. But even if an organisation can make the required investment, and can manage the potential conflict with existing customers, we would argue that operators should not 'go it alone' but move into the space by identifying and developing strategic part-

MEASAT develops new customer teleport

Binariang Satellite Systems Sdn. Bhd. (MEASAT) has announced the development of a new satellite control centre and customer teleport in CyberJaya, near Kuala Lumpur, Malaysia.

The new MEASAT KL Teleport will work with the existing MEASAT Telemetry Track and Control (TT&C) facility in Langkawi, Malaysia, to provide fully redundant satellite control facilities for the MEASAT fleet of satellites. The new facility has also been designed as a fully equipped customer teleport facility to provide a complete range of uplinking, satellite and co-location services to customers in the broadcasting, telecoms and Internet Protocol (IP) sectors.

"The development of the KL Teleport is a key element in our plan to support the launch of MEASAT-3 in 2005 and develop MEASAT into a full services satellite solutions provider serving the wider Asia-Pacific region," said Paul Brown-Kenyon, Vice President (VP) of Sales and Marketing. "The facility has been designed to support our local, regional and international customer base with a full range of professional value-added services. It will provide broadcasters with playout and up-linking facilities, Very Small Aperture Terminal (VSAT) operators with co-location facilities and telecom operators with redundancy and IP connectivity," continued Brown-Kenyon. "We are already in discussions with a number of local and international customers over the use of this facility and the services it offers."

Scheduled to open in November 2004, the KL Teleport will be equipped with a satellite antenna farm over 15 antennas providing C- and Ku-band connectivity to the MEASAT satellite network and other region video hot-birds. Designed with redundant fibre connectivity to local, regional and global Points of Presence (PoPs) the teleport will be fully integrated with the terrestrial network. In addition, with secure customer rack and office space, supported by triple redundant services, the facility has been designed to provide full customer co-location or redundancy services. ■





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nerships. By leveraging such partnerships, operators can develop complete customer solutions more cost effectively, more rapidly, and with less investments. But when thinking about leveraging partnerships, it is important for operators to understand the complete range of partnership options available, as well as to select that option best suited to the situation.

Wide range of potential partners

As an example, in any area and in any geography, there are always a wide range of potential partners. What is important is selecting a partner where there is a match: a match in corporate culture, a match in strategy; a match in motivations. Without an alignment across such key dimensions, any agreement will be frail at best, destructive at worst. A second dimension is the type of partnership entered into. These can range from arm's length transactions (with no or limited long term view), to co-operate agreements all the way up to fully fledged joint venture companies. Each of these types of agreements has different advantages and disadvantages in terms of the level of co-operation and investment required which need to be carefully thought through. A third dimension is the scope or range of the partnership: whether it is a focused partnership in a very specific area, or a more broad based approach covering a number of different services, geographies or market segments. Each has different implications in terms of management.

In selecting an approach it is important to understand that there is often no single approach that will fit every situation. Each partnership is a trade-off across a series of factors. As such, the most appropriate partnership approach will be dependent on the specific situation: while an arms length transaction may appear the most appropriate approach for one sector/market, in another a full joint venture company may be the most appropriate in another market.

Conclusion

In a market where operators continue to face significant pricing pressure, it is important for operators to differentiate their offerings. While developing a range of additional services to develop customer solutions initially appears attractive, it will be challenging for all but the largest of satellite operators. As such, operators should seek to leverage partnerships to move into this new area. With successful partnerships needing to be tailored to the specific needs of the situation, the

MEASAT's affiliates

MEASAT has been working with internationally renowned and highly respected corporations in the aerospace and communications industry. This is testimony to the company's commitment to employ state-of-the-art technology in its satellite products and services. MEASAT's affiliates include:

Astro

MEASAT Broadcast Network Systems Sdn Bhd (MEASAT Broadcast) is an integrated electronic media enterprise offering wide-ranging multimedia broadcasting services to Malaysia and the region. The Astro Direct-to-U (DtU) services is subscription-based and presently offers 29 television and 13 radio services in digital format which are received from MEASAT using a 60cm dish. The DtU service will expand to include a range of interactive applications, such as distance learning, home-shopping, home-banking and software download capabilities.

ST Teleport Pte Ltd

ST Teleport Pte Ltd., a full-service satellite communications solution provider, connects businesses seamlessly and reliably through a diverse network of major satellite systems, terrestrial network infrastructures and Internet exchanges. Founded in 1994 and based in Singapore, ST Teleport Pte Ltd. serves the growing broadcasting, telecommunications and corporate markets in Asia, providing a comprehensive range of satellite and terrestrial connectivity and value-added services including satellite uplink/downlink, international gateway, regional VSAT, IP Multicast, fulltime & occasional services.

Hawaii Pacific Teleport

Hawaii Pacific Teleport is a diversified satellite communications company specialising in the domestic and international transmission of video, voice and information. The company has its headquarters in Hawaii.

Hawaii Pacific Teleport currently has 7m, 9m and 11m antennas with links to a Time Warner Telecoms' local DS3 (45Mbit/s) fibre loop, which provides connectivity to the Southern Cross fibre-optic cable network. The teleport also provides video relay services between Asian satellites and US domestic satellites besides serving as a satellite and fibre gateway that connects to the Internet backbone on the US West Coast. ■

model that develops is of satellite operator managing a flexible web of partnerships, each different, each tailored to the requirements of specific needs of the segment. ■

