

Paul Brown-Kenyon - Measat

Giovanni Verlini, Editor of *Satellite Evolution Asia (SEA)* spoke with **Paul Brown-Kenyon**, the recently-appointed Chief Operating Officer (COO) of MEASAT, about the company's strategy for the future.

Question: First of all, my congratulations on your appointment as Chief Operating Officer (COO) of MEASAT. What does your new role entail?

Paul Brown-Kenyon: Thank you. In the COO role, I work with the rest of the MEASAT Senior Management team to oversee the operations of the company.

Q: This seems to be a hectic period for MEASAT: new satellites due to be launched, an expansion plan beyond Southeast Asia, etc. What is the company's overall development strategy?

PBK: MEASAT has taken a pragmatic view on building our company. Our first spacecraft were small-medium sized satellites, developed to serve some very specific customer segments [eg, Direct-To-Home (DTH)] and specific markets across Southeast Asia. Having been operating for almost ten years, and supporting a strong neighbourhood of

customers, our strategy now is to build on that strong foundation to meet the increasing requirements of our existing customer base, as well as leverage our experience to move into adjacent markets.

On the satellite side, there are areas where we are focused on the following:

- MEASAT today supports a strong DTH neighbourhood, supporting operators across three markets with high powered Ku-band capacity. We are committed to supporting these operators as they grow in their home markets, as well as expand regionally;
- MEASAT-3 has been designed as a strong video distribution platform. As a satellite it is able to reach over 70 per cent of the world's population through a single high powered beam. We are now focused on building a strong C-band video neighbourhood at 91.5 degrees East around this platform; and
- MEASAT-3 provides very high powered C-band beam. We are also focused on expanding our strong Very Small Aperture Terminal (VSAT) presence beyond our core Southeast Asian markets.

A second key focus for 2005 is the development and introduction of a range of value-added services, provided through our own facilities from the MEASAT Teleport and Broadcast Centre (MTBC) as well as our partners such as Pacific Century Matrix (Hong Kong) and ST Teleport (Singapore). Through these facilities, we are looking to provide complete end-to-end solutions for broadcasting, and telecommunications customers.



Paul Brown-Kenyon, Chief Operating Officer (COO) of MEASAT.

Again, our strategy is a very pragmatic one: to build on our existing strengths to better serve existing customers as well as leverage those strengths in adjacent markets.

Q: Any update in relation to the satellite launches scheduled for the future?

PBK: Boeing is currently in the final stages of the MEASAT-3 programme. This is going well with the satellite recently being fully integrated and moving to level testing. We are planning for a launch towards the end of 2005.

MEASAT-3 is an important project for us. The satellite, which is designed as one of the most powerful satellites serving the Asia-Pacific region, will provide a significant growth engine for the organisation. It will provide:

- An additional 24 high powered Ku-band transponders, switchable between beams covering Malaysia, Indonesia and

Pacific Century Matrix to expand its digital broadcast services to MEASAT-3

Pacific Century Matrix (HK) Ltd. (PCM) and MEASAT Satellite Systems Sdn. Bhd. (MEASAT) have announced an agreement for the expansion of PCM's broadcast services to MEASAT-3. Under the terms of the agreement, PCM will launch a full power C-band MCPC broadcast platform on MEASAT-3 later in 2005.

"We are delighted about having reached this important agreement with MEASAT, in line with the strategic expansion of our broadcast services. Its wide coverage area and high power gives MEASAT-3 true hot-bird potential, matching and complementing our existing premium MCPC broadcast services on the AsiaSat 3S satellite," said Guenter Kring, Chief Executive Officer (CEO) of PCM. "Our broadcast services are among the most vertically integrated in Asia, covering the full range from basic transmission to turnaround, playout, global contribution, and to regional channel distribution and channel partnerships. Taking MEASAT-3 into this service portfolio provides regional and international broadcasters with an exceptional platform for distributing their content across the wider Asia-Pacific region. Customers will get the highest value for their money, and they will love it," Kring continued.

"MEASAT-3 has been designed as one of the most powerful video distribution satellites serving the wider Asia-Pacific region, able to reach over 70 per cent of the world's population through a single high powered C-band beam," said Paul Brown-Kenyon, COO, MEASAT. "To be launched later this year, we are already seeing significant interest in the satellite from some of the regions leading broadcasters. The addition of PCM's digital broadcast facilities in Hong Kong and its proven services, to the MEASAT-3 platform further strengthens MEASAT's position as a leading satellite system operator," Brown-Kenyon concluded. ■

“ Our strategy is a very pragmatic one: to build on our existing strengths to better serve existing customers as well as leverage those strengths in adjacent markets.”

South Asia. This capacity will allow MEASAT to support the expansion of Astro in Malaysia, as well as DTH operators in Indonesia and across South Asia; and

- An additional 24 high powered C-band transponders switchable between an Asian and a global beam. The global beam, which reaches over 70 per cent of the world's population, will allow the group to expand into key new markets including the international broadcast segment.

In addition to MEASAT-3, as we announced at the end of last year, we are in final discussions for the procurement of the MEASAT-4 spacecraft to provide additional Ku-band

capacity at our key 91.5 degrees East location. We hope to launch MEASAT-4 in late 2007 or early 2008.

We are also looking at MEASAT-1 and MEASAT-2 replacement satellites at the moment, but these discussions are at a relatively early stage.

Q: In December 2004, Binariang Satellite Systems Sdn. Bhd. changed its company name to MEASAT Satellite Systems Sdn. Bhd. Why? What was the rationale behind this decision?

PBK: The 'Binariang' name has a long and prestigious history in Malaysia, being the original company name for both MEASAT and Maxis Communications Bhd, one of the regions leading telecom companies.

Despite the attachment, the difference between the company name and MEASAT - the name under which we branded our satellites and services - was simply causing too much confusion. As such, we decided to align the company and brand names.

Q: Judging from the outside, MEASAT has been extremely active over the past 12 months: you have announced several new contracts with companies such as BBC Worldwide, TV3, K.C.S. Cambodia, Solar Entertainment Corporation and Vietnam Television. How would you describe MEASAT's past year from your point of view?

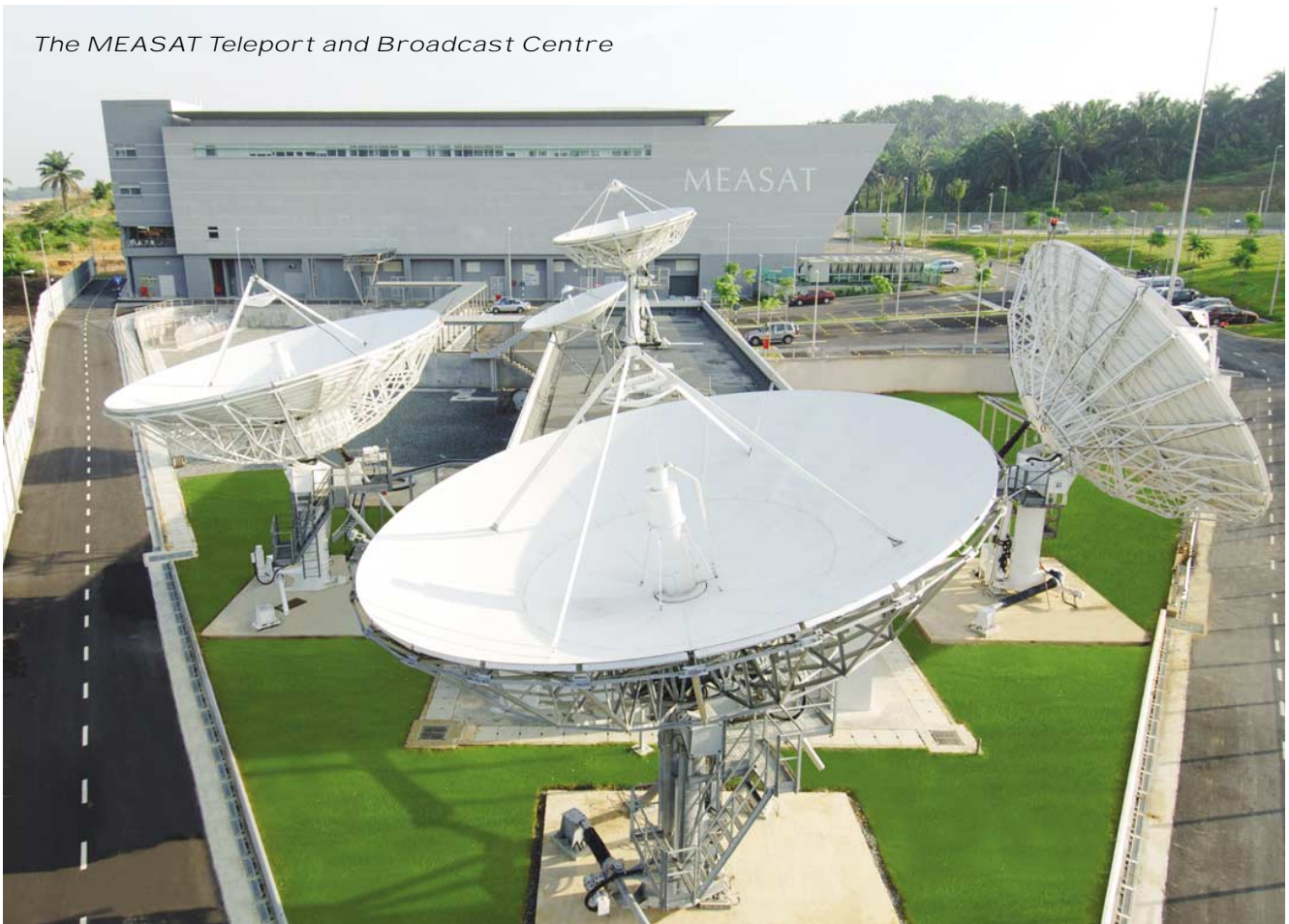
PBK: Yes, the team has been very busy. We have opened a new facility, launched new services and signed a large number of new customers. It has been a very exciting time. Having said that, I think the next 12 months will be even more exciting for the company.

Q: What is the Asian satellite market like at the moment?

PBK: I am very positive about the short and long term potential for the Asian market.

The 'headlines' in the industry over the last few years have all been about soft pricing, with the over-exuberance in satellite

The MEASAT Teleport and Broadcast Centre





The Astro control room. Photo courtesy of MEASAT

launches in the late 1990s/early 2000s leading to oversupply of capacity. But now with less new capacity in the pipeline, and the

continued economic growth across the region, I think everyone is seeing a better balance between supply and demand and the recovery of pricing.

Having said that, I think that generic statements about supply and demand miss the point: no two satellites are identical, no two markets the same. While the story at the macro level is one of cautious optimism, at a local level (ie, when you look at specific customer and geographic segments), the demand can be very robust with significant short- and long-term potential. The prime example is DTH where today we see very strong demand for high-powered Ku-band capacity. Compare the amount of capacity being used today by some of the region's DTH operators with what you see in Europe or North America. This will show you the potential that we have in Asia.

As I said earlier, I am very positive about the short and long term potential for the Asian market.

Q: Which satellite applications are on the up in the marketplace?

PBK: I think that there are two groups of applications that show significant potential for the region. They both relate to the overall growth of the media industry in the region:

content distribution services and DTH applications. Again, if you compare the situation in Europe/North America where systems operate with 500 to 1000 channels, with those found in the Asia-Pacific region that operate 50 to 100 channels, the potential becomes clear.

Q: Internet Protocol (IP), Direct-To-Home (DTH), Digital Audio Radio Service (DARS), Digital Multimedia Broadcasting (DMB): which ones of these applications will MEASAT pursue?

PBK: MEASAT's satellite strategy is focused on providing high quality space segment that is designed in a flexible manner so that they can be used for multiple purposes.

Our Ku-band systems today leverage country-focused beams over Malaysia, Indonesia, South Asia, Taiwan, Philippines and Australia. Depending on the coverage of the beam, these can provide up to 56-57dBW of power, which supply service providers with enormous flexibility to provide services with higher availability, higher data rates or serve smaller (0.6 m) antennas.

Through these satellites, MEASAT today supports one of the strongest DTH neighbourhoods in the region. This includes Astro, with over 1.6 million subscribers who are looking to expand regionally, as well as smaller DTH operations with VTV and CSTV.

Q: In one of your most recent press releases, MEASAT announced a partnership with India for the creation of an Asian satellite neighbourhood. Would you be so kind to explain what does it mean, and why you are doing it?

PBK: As you mentioned in your question, on 20 December 2004, Antrix Corporation Limited (Antrix), the commercial arm of the Indian Space Research Organisation (ISRO), and MEASAT, signed an agreement to form a Joint Venture Company (JVCo) to pool capacity on both the INSAT and MEASAT satellite fleets to provide commercial satellite services across the wider Asia-Pacific region.

The basic premise behind the joint venture is one around pooling the skills and resources of the Indian and Malaysian satellite industries to create an Asian satellite operator able to compete more directly with the global systems originating from North American and Europe: ISRO has deep experience in satellite technology, a strong position in the South Asian market, and many innovative satellite services, while MEASAT has deep expertise in DTH (having pioneered the service in the region), a strong position in Southeast Asia, and experience in bringing new services to market. By combining these strengths we can create a significant industry player for the Asia-Pacific region.

The co-operation is wide ranging: the centre piece is a JVCo that will pool resources at the INSAT 93.5 degrees East and

Broadcaster GMA Network ties up with MEASAT to distribute programmes in the US

MEASAT Satellite Systems Sdn. Bhd. (MEASAT) has announced it has signed an agreement with GMA Network, Inc. (GMA), a leading provider of news and entertainment broadcast services from the Philippines, to support the broadcaster's international expansion.

"MEASAT has supported GMA since 2002, providing reliable satellite distribution services via the MEASAT fleet" said Yau Chyong Lim, Director of Sales, MEASAT. "We are honoured to have been selected by GMA to extend our support by providing a complete solution to deliver a new GMA International channel to the key US market," he continued.

The new channel will be carried on MEASAT-2 spacecraft, down-linked at the new MEASAT Teleport and Broadcast Centre (MTBC), and delivered by fibre to the SES Americom satellite.

"With our new MTBC facility, located just outside of Kuala Lumpur, Malaysia, MEASAT is able to bundle reliable satellite capacity with a wide range of video services including fibre connectivity to key Points of Presence (POPs) in the US and Europe. We are delighted to be able to support GMA as one of our lead customers through this new facility," Chyong Lim concluded. ■

MEASAT 91.5 degrees East locations to serve the Asia-Pacific market.

By pooling agreed capacity from these neighbouring satellites in the strategically located orbital slots of 93.5 degrees East and 91.5 degrees East, the Antrix/MEASAT JVCo will be able to provide C-band satellite services to over 70 per cent of the world's population, and DTH quality Ku-band satellite services to over 160 million TV households across South Asia, Malaysia, Indonesia, Australia and Indochina.

I would say that the JVCo with Antrix is an important part of our strategy for moving forward.

Q: Where does MEASAT stand in respect to the classical dichotomy of the satellite industry between regional and global satellite operators?

PBK: In the satellite communications industry, there are some benefits to being 'global'. The ability to operate multiple satellites reduces Operational Expenditure (OPEX) and allows you to optimise Capital Expenditure (CAPEX). The ability to provide communication solutions across a global market has benefits, opening up market opportunities that may not be available to others.

While there are benefits to operating 'globally', there are also disadvantages. Your operations become increasingly complex, you lose local knowledge, suffer from slower decision making and tend to be less efficient in CAPEX.

As a result, as in any industry, I think there is a role for strong regional operators as long as they are efficient and have access to a large enough market. MEASAT today runs a strong regional business. We sup-

" We believe we understand the local market significantly better than 'global' operators and this benefits our customers. We are expanding globally, but will always operate with a regional focus so that we are better able to understand and serve our customers."

port DTH platforms across three markets and customers across 15 countries.

We believe we understand the local market significantly better than 'global' operators and this benefits our customers. We are expanding globally, but will always operate with a regional focus so that we are better able to understand and serve our customers.

Q: Nearly all major global satellite operators are in the hands of private equity firms now. Can we expect such a future for MEASAT as well?

PBK: I answered a very similar question when I participated in a panel at Satellite 2005. I said that private equity firms do provide some benefits to the industry – for example, with focus on financial value, they introduce a degree of financial rigour that has, at times, been missing in the industry. And, as such, they have captured significant value for themselves. But short-term value

maximisation, which is the objective of Private Equity firms, is not always good for the long-term competitiveness of a company. To be successful in the satellite industry, you need to take a long-term perspective – satellites take two to three years to build, and then are operated for ten to 15 years. Valuable satellite neighbourhoods, supporting strong DTH or video broadcasting customers, can take ten or 15 years to build to scale. Given these long term horizons, I wonder what impact a private equity firm, focused on maximising cashflow over a two or three year horizon (which basically means limiting all CAPEX spend) has on the long term competitiveness of a company.

I believe that MEASAT is a well managed company. Investments are based on a rational assessment of the costs and benefits, with a focus on the long term value creation opportunity. I personally prefer this kind of approach to the satellite business. ■



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