

Paul Brown-Kenyon CEO, Measat Satellite Systems



Measat Satellite Systems is one of the leading satellite operators in Asia, with a strong position in the region's video markets. It provides capacity for many growing DTH platforms across the region. In addition, the company is also looking to strengthen its presence in Africa, another potential growth market for satellite communications. Measat Satellite Systems CEO Paul Brown-Kenyon outlines the vision for the company in both Asia and Africa going forward.

VIA SATELLITE: What is your capital expenditure plan for new satellites? Will you need more capacity in the near future?

Brown-Kenyon: We are looking to support our customers, and our customers are looking for more capacity. Hence, we are looking to secure that capacity. The key focus for us at this time is on DTH. We are in the midst of securing an additional satellite for our 91.5 degrees hot slot at the moment, which we will name Measat-3b. It will be a 48-transponder satellite covering four markets. It will be designed to work with Measat-3 and Measat-3a and will primarily provide additional growth capacity for our anchor DTH customers. It will also allow us to increase the robustness of our network (with three satellites supporting customers from the same slot) and allow us to expand into a fourth market.

We see strong demand for Measat-3b capacity and we expect it will be predominantly leased out before it is launched. We do see demand for capacity beyond Measat-3b. As such, we are in discussions regarding a 'Measat-3c' satellite, which will initially be back-up capacity, but in time will also be a more operational satellite supporting our core business.

VIA SATELLITE: Will Ka-band satellites make an impact in Asia? Will you look to procure one in the near future?

Brown-Kenyon: We are still considering Ka-band satellites, but if you take a step back, people moved from Ku-band to Ka-band in North America when they ran out of Ku-band spectrum. At the moment, we have sufficient Ku-band spectrum to support requirements, both now and in the immediate future. With the Measat-3b satellite, we are going to have 84 Ku-band transponders across our markets, and we can definitely put more on top of that. At some point, Ku-band will be full, so at that point we will look at Ka-band as the next band for growth.

The additional challenge we have with Ka-band is the rain-fade issue. It is not as easy a choice as it is in markets like North America, Europe and the Middle East. At some point we will move to Ka-band to support growth, but I think that we are at least five years away given that we have sufficient spectrum from Measat-3b and Measat-3c.

VIA SATELLITE: Could you explain the significance of the deal with Thaicom? Why have you decided to do this deal? How do you view the broadband opportunity in Malaysia?

BROWN-KENYON: Measat recently announced that it has secured the Malaysian payload of the Ipstar satellite. This agreement with Thaicom, whereby we will become the exclusive service provider for Ipstar services in the Malaysian market, is a strategically important venture. We see strong demand for broadband satellite services in the Malaysian market to support government and private sector initiatives aimed at extending broadband reach to the rural communities. We also see significant growing demand for 3G backhaul services. The agreement with Thaicom would allow us to meet this growing demand while at the same time releasing capacity on Measat-3 / 3a for video customers.

VIA SATELLITE: What do you see as the major growth drivers for the Measat business in 2011?

Brown-Kenyon: For Measat, the major growth driver at this time is video. First of all, the video distribution business is growing with the movement from SD to HD. During the last six months we have seen a significant uptake in HD, with most new channels launching in HD rather than SD. Secondly, DTH is booming in the region. We are active in three markets, Malaysia, India and Indonesia. Those markets are seeing strong DTH growth, and we are projecting it for the next 3 years to 5 years.

VIA SATELLITE: How many HD channels do you now carry on your fleet? What is your forecast for HD in the region?

Brown-Kenyon: We now have 18 HD channels on our C-band feed. The DTH platforms also have their own HD bouquets. With the growth we are seeing, I think it is realistic to expect that the number of HD channels will double in the next year. Every channel we are seeing now is an HD channel.

VIA SATELLITE: Has HD reached a tipping point in Asia?

Brown-Kenyon: I think that is correct. Asia is a pretty complex market. It is not as if there is one single market here and one single dynamic. In India, for example, there is a real drive to move to HD, but that drive has been hampered by capacity limitations. In a market such as Singapore, historically it has not been as competitive, and therefore there is a slower uptake. It varies by market.

In North America, you saw a dynamic where the cable and DTH operators, through competition, wanted to improve their product offerings and one of the ways to do that was through HD. I think in Asia, where you have high competition, you will have the same dynamic.

VIA SATELLITE: Are there other markets you could look to target in Asia besides DTH?

Brown-Kenyon: Given the challenge with rain-fade and the need to focus the satellite's power, DTH satellites in Asia tend to be very specific to the markets. As such, it is difficult to react quickly. The reason for a fourth market on Measat-3b is to allow us more flexibility. There are two or three markets where we have had discussions and where there could be a good opportunity for us to secure a customer, but it won't be a short-term play. You might see things in a two-year to three-year horizon.

I think one of the key parts of our strategy, and it follows the SES model, is to fly multiple satellites at the same location, and have customer's pick-up capacity on more than one satellite. As we saw in India last year, while satellites are very reliable, they can occasionally have problems. Taking that approach of having multiple satellites at one orbital slot helps customers protect their business. So, if there is an issue with the satellite, they still have other satellites in the constellation for their business.

VIA SATELLITE: What is the next phase of your growth strategy in Africa?

Brown-Kenyon: Our strategy here is going as planned. The strategy was initially opportunistic — we moved two old satellites (Measat-1 and Measat-2) to two slots we had in the region. We moved them to protect the orbital rights we had and to start developing a presence in the region. The next phase is to move from an opportunistic business to one that is more saleable longer-term. So, that means putting into those slots station kept satellites. We came to an agreement with partners in Azerbaijan last year for a replacement for the first of these satellites at 46.0 degrees East. That satellite should be launched in the fourth quarter next year. We have well advanced plans for the second satellite at 5.7 degrees East.

About 10 percent of our revenues come from Africa. With the growth we are seeing in Asia, that figure is unlikely to change dramatically, although it will likely increase and go up to around 15 percent.