

Industry Trends, News Analysis, Market Intelligence and Opportunities

## Update on the The Brazilian **Satellite Market**

by B.H. Schneiderman **Contributing Editor, Latin America** 

he hottest satellite market in Latin America today is Brazil. With a liberalized economy and its key win of the 2016 Olympics, the prospects for growth in Brazil are very promising indeed.

The Brazilian satellite market was largely unaffected by the global economic crisis in 2008-09. Two applications were largely responsible for the heated demand for satellite services in 2009: backhaul for cellular networks and the emergence of new business created by Direct to Home (DTH) service, OI and Embratel. It is estimated that revenue from satellite companies in Brazil grew by 7% in 2009. The growth could have been higher due to the shortage of satellite capacity in the region.

Despite the imbalance between supply and demand, the price per MHz in Latin America, on average, is still low. "There is a price recovery in progress, but is slow because it is a long-term business," said the President of Brazilian Satellite Industry Association, Abrasat, Mr. Manoel Almeida. 2009 was good not only for operators but also for companies who provided satellite solutions customized for the enterprise market.

(Continued on page 6)

## The African Satellite Market

by Virgil Labrador **Editor-in-Chief** 

ust a few years ago, the African continent, home to over a Billion people, Driving demand for satellite services are was seen as backwater for telecom- growing demand for cellular backhaul, munications services. Teledensity, a key internet connectivity and enterprise and indicator showing the number of tele- government markets. Africa's population phones per 100 population were the low- is concentrated in major cities with very

est in the world at less than one percent on average.

Poor regulatory frameworks, political instability and sluggish economic growth due to widespread poverty contributed to Africa's image as extreme the example of the digital divide.



Applications such as cellular backhaul is driving demand for satellite services in Africa.

lated and dispersed rural areas-an ideal environment for satellite solutions. The opportunities are not lost on satellite companies, who are always looking for new and emerging markets and have been slowly expanding into

sparsely popu-

the potentially lucrative African market.

tellite services. The African satellite mar-

ket is estimated to have grown in the last

few years as much as twice more than the

global average of 6-7 percent and looks to accelerate that growth in this new decade.

per MHz.

What a difference a few years make. Today, Africa is one of the fastest growing markets for telecommunications and sa-

The situation led to an shortage of satel- One major shift in African economies is lite capacity for basic services which the change in emphasis on building more pushed the price of transponders to astro- sustainable economic models based on nomical heights of up to US \$ 6,000.00 developing local economies and lessening dependence on foreign aid. "Trade not Aid" is the new mantra in Africa.

(Continued on page 4)

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**Satellite Executive Briefing** 

#### From the Editor

## Markets to Watch

he month of March was the busiest month for travel for me as well as the most illuminating. It started out in Dubai, the Uinted Arab Emirates for the Cabsat/Satellite Middle East and North Africa (MENA), then the obligatory trek to Washington, D.C for the Satellite 2010 show and ending in Beijing, China for the China Wireless and Satellite Conference, where I

was invited to speak on "Emerging Trends in Satellite Communications."

I haven't been in Dubai in 10 years and the change in that span of time was dramatic to say the least. The Cabsat show was well attended and clearly marked the emergence of the Middle East and North Africa satellite markets.

The mood was upbeat and despite Dubai's economic woes from overbuilding, there is a vibrant market in the region and beyond that satellite companies are eager to exploit.

China, on the other hand is still a relatively closed market for satellite services. It is well served by domestic operators and regulatory barriers are in place for entry of foreign companies. However, at the China Wireless Conference, one does get a sense that the market will be opening up soon just as China had liberal-



Watch MarketCast videos with key industry executives at Cabsat/Satellite MENA 2010 in Dubai www.satellitemarkets.com/ current

ized other industries resulting in the impressive economic boom that it currently enjoys. Foreign satellite companies are also preparing for this event. which can come very quickly and open up the world's largest market with 1.3 Billion eager consumers.

In this issue we look at other emerging markets. Africa, long the outlier in the telecom market is undergoing some dramatic changes as well and as we can see from this issue's cover story, satellite companies are scrambling to get into that market. We also look at Brazil, which will be hosting the 2016 Olympics and the largest market in Latin America with over 200 million people spread in a vast continent.

There certainly are still a lot of markets out there Vingel Labor

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Satellite Executive Briefing

#### **Cover Story**

#### ... The African Satellite Market, from page 1

One of the first companies to see the ary 2010. it Africasat-2.

Almost all the major satellite operators have staked their claim on the African continent. An estimated 20 new satellites with coverage in Africa will be launched in the next five years, which should address the current capacity shortage. Among these are Ka-Band systems such as the O3B Networks constellation which aims to serve underdeveloped regions in Africa, Asia and Latin America. Most of the pre-launch contracts announced by O3B in 2009 were aimed at services for African countries such as their deals with Vizada Networks, Intersat Africa and the Congo's leading ISP, Global Broadband Solution.

Intelsat, the first operator to serve Africa since the late '60s, announced a new satellite venture called New Dawn Satellite dedicated to the African market which is expected to launch in 2011. The majority of the funding for the New Dawn satellite venture came from local African sources namely the African Development Bank, South Africa's Nedbank Capital and the Industrial Development Corporation of South Africa.

can continent.

com has also expanded its fleet to cover most of Africa. most of Africa with its Amos-5 satellites which become operational in Janu- This June, the spotlight will be on Af-

which moved its MEASAT-1 satellite lite market. He said that they are seeing on HDTV and some even in 3D. in 2007 from the crowded South East a shift in demand from basic telecom-Asian market to the 46<sup>0</sup> E location to munication services to more sophisti- With rising incomes and more liberallar fashion earlier this year and renamed cast distribution throughout Africa and we aim to provide these with our satel- lished in relatively affluent South Aflites," said Pollack.



Africa has been portrayed as a poster child for the Digitial Divide as this cover from the Economist so graphically illustrated five years ago. However, recent developments might be shedding this unflatering image of the region. Africa is one of the fastest growing regions for telecommunications and broadband services with an annual growth rate twice as much as the rest of the world.

The world's second largest operator, Middle East satellite operator Arabsat SES, launched NSS-12 satellite in the and Dubai-base Al Yahsat have also 57<sup>0</sup> E location to service Europe, Africa announced plans to launch satellites and the Middle East. SES also signed within the next two years with coverage an agreement with Intersat Africa to in Africa. Arabsat's upcoming Badr-5 bring its ASTRA2Connect satellite series satellites will have extensive covbroadband internet service to the Afri- erage of Africa. While Al Yahsat's planned all-Ka-Band satellites will specifically target the provision of broad-Israel-based satellite operator, Space- band services for the Middle East and

Spacecom's CEO David rica with the Soccer World Cup to be potential in the African market was Pollack said that they are very optimis- held in Johannesburg, South Africa. Malaysian satellite operator MEASAT, tic of the potentials of the African satel- Most of the matches will be broadcast

serve the African market. It later re- cated applications. "With cable starting ized societies, Direct-to-Home (DTH) named the satellite "Africasat-1" and to be introduced in the major African services are poised to take off in Africa. moved its MEASAT-2 satellite in simi- centers, there is a need for more broad- However, this may be a longer term proposition. DTH is already well estabrica, but will take a little more time in the rest of Africa.

> Demand for satellite services in Africa is being driven by internet access and mobile telephony. There are now over 300 million cellular subscribers in Africa. A study called "Balancing Act's African Satellite Markets" revealed that 29 out of 55 African countries and territories get more than 80% of their total international internet bandwidth by satellite, and many fixed and mobile operators in the region are also dependent on satellite for their domestic communications.

> Growth in the market for cellular backhaul services provided by satellite is being driven as a result of the rapid rollout by mobile operators of coverage to secondary urban and rural areas beyond the reach of terrestrial networks. Mobile operators often have to build transmission networks spanning large distances over challenging terrain in order to reach major towns or cities, and in addition often also have to build their own transmission and associated infrastructure such as power and roads to service base stations.

> Base stations are often deployed which connected by VSAT, then as the microwave network being built by the operator catches up, VSATs are then moved to new base stations and so on in a leapfrog fashion. VSAT is used to connect base stations in remote or hard to reach locations, where satellite-based backhaul remains the most practical and economically feasible means of connecting cell sites.

VSATs in Africa now connect enterpri- stark-there are only 40 million internet countries are facing a number of chalses and several vertical markets such as subscribers today in Africa-a conti- lenges in increasing ICT levels. These oil and gas, and applications such as nent with over 1 Billion people. Only a include the lack of full liberalization of distance learning, telemedicine, emer- very small percentage of internet subsgency management, internet access and cribers access what would be conside- infrastructure, such as shortage of intere-government applications.

closely supporting the ITU's "Connect African market will help meet the gro-Africa" Initiative which aims to double wing demands of the region and address the availability of VSAT earth station the Digital Divide. However, more still terminals by 2012 from its 2008 levels. needs to be done in liberalizing the mar-GVF Secretary-General David Hart- kets and implementing rational regulashorn said that progress has been made tory frameworks in many countries. in terms of liberalization, transparency "Indeed, the digital divide between the and a commitment to satellite regulato- African region and the rest of the world ry harmonization in the region and is is much more pronounced than the dicautiously optimistic that Africa will vide within the region, with very few reach the goal set by the ITU.

Africa has indeed made great progress recent ITU report. in the last 10 years. In 2000, there were only 11 million cellular subscribers in The ITU research shows that African the region. That number is now over 300 million. However, this only reaches about 33 percent of the population-still far below the world's average cellular penetration rates which is over 60 percent in most developed counsubscribers the situation is even more

red broadband connections.

countries reaching ICT levels comparable to global averages," according to an

markets and the limited availability of national Internet bandwidth. "In addition, prices for ICT services remain The Global VSAT Forum (GVF) is The influx of new satellites serving the very high compared to income levels," according to the report.

> There are obviously many regulatory, economic and even social and political issues that need to be addressed more aggressively in this new decade in order for Africa to meet its full potential. One thing is certain, though-after the dramatic progress made by Africa in the last ten years in terms of broadening access to telecommunications services, the demand for these types of services as in many other regions will only continue to rise. 🍼



Virgil Labrador is the Editor-in-Chief of Satellite Markets and Research based in Los Angeles, California. He is the author of two books on the satellite industry and has been covering the industry for various publications since 1998. Before that he worked in various capacities in the industry, including a stint as tries. In the case of broadband internet marketing director for the Asia Broadcast Center, a full-service teleport based

in Singapore. He can be reached at *virgil@satellitemarkets.com* 

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#### **Regional Update**

#### ... The Brazilian Satellite Market, from page 1

Cognizant of the growing demand for nership satellite capacity in the country, Anatel "Apparently there is a great possibility The location of the other is in the final (the Brazilian regulatory body equiva- that the model to go forward," said process of selection. The teleports have lent the FCC in the US) is working to Thirso Vilella. release during the first half of 2010 a bidding process for the new satellite The Ministry of Defense estimates that into service at the end of 2011. orbital positions in Brazil. One diffe- in three years the capacity of the transrence from previous auctions is the re- ponders currently serving Brazil will The satellites companies through the quirement that bidders dedicated a no longer be sufficient to meet domestic entities and Abrasat and Sindisat are minimum number of transponders dedi- demands. Colonel Paulo Mourão preparing a proposal for public policy

cated to the Brazilian market. This would be combined with the mandatory coverage of 100% of the country, which was stipulated in previous auctions.

There are eight orbital positions allocated for Bra-Internazil by the tional Telecommunication Union (ITU) that may be part of the bidding: 92, 87, 84, 80, 77.5, 48, 37 and 10 degrees West.

that will be concluded in nine months.

As the cost of the project is high, one of

with private



Domestic satellites covering Brazil. There are 34 international and domestic satellites with coverage in Brazil. (image courtesy of StarOne).

ian Geostationary System (SGB) con- even one seat on the UN Security federal government. ducted from 2005 to 2008, was taken should greatly increase the country's over by AEB (the Brazilian Space participation as a mediator in interna- The idea is to seek a tax exemption of Agency) at the end of last year. The tional conflicts, which generates more the satellite service for this project, exagency opened for public bidding a demand for communication. According plained the President of Abrasat, Macomprehensive study that will demon- to him, Brazil has 40 terminals in X- noel Almeida. The executive hopes to strate the technical feasibility, economic band which is not enough to equip all convince the federal government to and legal framework of such a system ships and aircraft. The need in Brazil, support the proposal for tariff reduction 10 years.

the solutions on the table is the partici- Another new player in the Brazilian setting national guidelines on the colpation of the private sector. The project market is O3b that has decided to have is still a very early stage. Thirso Vilella, a teleport in the Brazilian soil. The gatedirector of satellite application and de- way would serve all the company's cusvelopment of the AEB, explains that tomers in South America. "We must this study is aimed at demonstrating the make a decision within a few months. viability from the legal point of view, of We may seek a partner for that teleport. the use of the private sector to build and Or we'll build it directly," said Omar operate a satellite system for Brazil. In Trujillo, O3B's regional sales director addition, the study aims to investigate for Latin America. In all the O3b plans the economic feasibility of the project to build seven gateways around the and structure by which to affect a part- world. Already provides that one will

entitites. be in Cyprus and another one in Spain. to be ready before the launch of the first fleet of eight satellites which will enter

for the use of broadband satellite technology in the interior regions of Brazil. A study is being prepared in order to look at the experiences in other countries.

gauge the demand in Brazil and propose effective measures to bring broadband satellite via to

Pietroluongo, division manager of spe- small towns at affordable prices. The cial projects of the Ministry of Defense, document should be ready in early 2010 The planning and design of the Brazil- also points out that if Brazil takes up and will be delivered to the Brazilian

> he said, is having about 200 terminals in by the Confaz, an organization that brings together the finance ministers of all states in Brazil and is responsible for lection of VAT. In Brazil tax considerations weigh more heavily on telecommunications services in the country.

> > **B.H. Schneiderman** is the contributing editor for Latin America of Satellite Markets and Research and is a consultant to satellite and telecommunication companies. He can be reached at: bhstbc@gmail.com

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**Satellite Executive Briefing** 

April 1-15, 2010

## A Conversation with Alan Young, CTO of SES World Skies

#### by Lou Zacharilla **Director of Development, SSPI**

rom time to time I will conduct a conversation with a satellite industry leader whose views are valued by the industry for their clarity, originality and impact. In January 2010, the Society of Satellite Professionals International hosted a Workshop at the annual Pacific Telecommunications Council's conference. As the producer of that workshop my goal was to invite people from around the industry who would be able give the audience a snapshot of the path ahead for content distribution. I invited Alan Young, CTO of SES World Skies to participate on a panel titled How IP is Revolutionizing Content Distribution – and How Satellite Can Stay Ahead. Mr. Young took on the issue and, in my view, took our industry off the defensive and made a case for the role of satellite in a world increasingly disintermediated by IP and "TV in the cloud."



Alan Young

### I decided to go back to him a few days ago and revisit some of the themes he established in preparation for NAB. Here is part of that conversation:

*LZ*: In 2009 you spoke with every major large distributors. media company in the US about the future and attempted to take a look at what content providers will be spending sleepless nights ahead? their money on with regard to both "traditional" and "new" media. What were the top-line results and your impressions of the trends?

Alan Young: There is universal agreement that the traditional linear TV market is saturated. As a result, on-demand capabilities are drawing a lot of attention. Content providers are focused on driving new revenues from their libraries by making them available online and LZ: What is the perception of the satelthrough Video on Demand distributors. While the majority of the money made remains through the traditional linear TV business, no one wants to be left behind, regardless of how fuzzy the business model is today. Content providers are going to seek out as many distribution options as they can, and they're keen to maintain an online presence in an effort to ensure leverage with

## *LZ*: *Does the satellite industry have*

Alan Young: There are many aspects which bode well for the satellite industry. Satellite provides high bandwidth, high reliability infrastructure for extremely cost-effective broadcast applications. This opens the door to easier application upgrades, which is exactly why satellite took the lead with HD and why it is likely to lead with 3D.

lite industry out there among the CDN crowd?

Alan Young: Déjà vu all over again. There remained a common misconception about satellite: that we cannot play a role in on-demand. In fact most VOD delivered to the cable industry is delivered via satellite to headend storage devices. With the trend in storage being

higher capacity at ever-decreasing prices, home media servers capable of storing every piece of content which viewers are likely to watch has the potential to be the next BIG trend. The question is: how do you deliver that content? In our view, satellite is an obvious choice because of its high bandwidth and great flexibility. We envision a hybrid situation where there is a high capacity "fire hose" delivering the most popular content (both for live and on-demand usage) in ultra high quality, while the "long tail" content is offered over broadband at a lower quality.

*LZ*: *The satellite industry has been tied* to the hip with video and broadcasting. "Profitable" video has been based on the number of people who view it within a certain timeframe. The more people who watch it, the better the aggregation is for those all-important eyeballs. Is this concept a truth of "traditional" media, rather than "new" media?

Alan Young: I don't think so. The media business operates on a basic concept: that the more people that watch or listen to the content, the better it is. This is as true for a YouTube as it is for a big studio movie or the Super Bowl. It is true regardless of the delivery medium, whether it is satellite, cable, telco, online, DVD or your local movie theater. YouTube makes money by selling advertising. The more a YouTube video is watched, the more advertising revenue is generated. Generally speaking, the higher the artistic value and quality of the content, the stronger the case for subscriptions and advertising. This model is more difficult to implement online than it is through traditional channels for a two reasons: First, the internet is viewed as a place to go for free content. Second, the quality available on the open Internet is nowhere near what can be achieved through other channels. It is an unmanaged network by design, which means that there is no absolute guarantee for its end-toend performance.

#### *LZ*: It's strengths are its weaknesses. But it remains "disruptive." Agreed?

Alan Young: We see disruption for a couple of reasons. First, some content providers are charging retail distributors, such as cable operators, for the same content they're offering at no charge online - that's obviously going to cause friction. Second is the volume of increased piracy. Recently a very popular piece of content was viewed online more than 75 million times. But on the content provider's <u>own web site it was barely viewed 74 millions times less!</u> Think of the rights holder's lost advertising and revenue opportunities in that case.

*LZ*: That is disruptive, problematic and a fact of life. But aren't there structural

"... There is universal agreement that the traditional linear TV market is saturated. As a result, on-demand capabilities are drawing a lot of attention. Content providers are focused on driving new revenues from their libraries by making them available online and through Video on Demand distributors..."

problems within the new media model that we might help address? At SSPI's Workshop at PTC you noted a phenomenon called "The YouTube problem." I am simplifying this, but it essentially goes: "Before they pay anyone or make a single dime, YouTube loses something like \$180 million. Did I get that right?

Alan Young: YouTube's cost of delivery is based on the number of people that view content. In order to increase revenue, they have to spend more on delivery – more servers, bandwidth, electricity, and bigger datacenters. My point was that at the time YouTube spent about a million dollars a day delivering content while it brought in \$500,000 a day in advertising revenue.

## *LZ*: That's math only an English major (or an economist) could love!

Alan Young: Doubling the revenue requires roughly doubling the content delivery costs, so they have a big uphill battle if they are to go into the black <u>with that model</u>. At least that is my view. Now, add to this the fact that they have to pay for some content and the hill begins to get even steeper, right? The ideal situation is to fix the cost of delivery as hard and fast as reasonably possible, regardless of the audience size.

**LZ:** And that's where the satellite model shines. They simply need to make sure that there are enough viewers to justify the cost. This is the model that the media industry has successfully employed for decades. What's the message here?

Alan Young: The message is that satellite and content delivery networks can co-exist. Their respective strengths are complementary – CDNs make it possible for any content to be reliably delivered and satellite can deliver very high quality content to an unlimited number of viewers cost effectively. If you want to reach millions of viewers there is no more cost effective way than satellite. If you have lots of content, but relatively few viewers for each piece of it then a content delivery network may be the best choice.



Lou Zacharilla is the Director of Development of the Society of Satellite Professionals International (SSPI). He can be reached at <u>Izacharilla@sspi.org</u>



A guide to key products and services at upcoming trade shows. In this issue we feature products and services that will be showcased at the NAB 2010 exhibition in Las Vegas, Nevada, USA. from April 11-15 and Satcom Africa in Johannesburg, South Africa from April 13-14,.



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## **Broadband Satellite Markets Unaffected by Global Downturn-NSR**

indicate the sector made it through the worst economic crisis the biggest success stories of 2009 was satellite broadband Western Europe will likely exceed 100,000 subscribers well before the end of 2010.

Satellite broadband access providers saw that few consumers and businesses were willing to give up their broadband service in difficult times. Plus, the imminent launch of the second generation of high throughput satellites (HTS) like ViaSat-1, KaSat, Jupiter and even Hylas-1 will finally change the O3b constellation. Yet, backhaul services for the cellular the core economics of satellite broadband access services. This trend coincides in a very timely fashion with a number absorb any satellite capacity released by the trunking market of national government initiatives to bring broadband to all residences and business in their respective countries. NSR believes that ensuring 100% broadband coverage in any In total, NSR projects that broadband VSAT networking, country will almost always include the use of satellite broad- satellite broadband access, and broadband trunking & backband access services as the most economical way to reach haul services will generate nearly US\$8.8 billion by 2019, the last few percent of households and businesses. However, which is a 135% increase over 2009. In particular, global the leading challenge that service providers will face in the satellite broadband access will add the most new revenues, coming year is changing existing perceptions in government some US\$4.1 billion between 2009 and 2019, to become the agencies, in addition to consumers, about what satellite leading market segment and bypass traditional broadband broadband access can really do using the second generation VSAT networking in revenue terms as of 2013. of HTS.

NSR's annual review of the broadband satellite market Turning to broadband VSAT networking services, NSR did shows that, after a year of uncertainty, the majority of signs note some regional difficulties in the last year caused by the global economic crisis. Yet for every market that saw probsince the Great Depression relatively well. Probably one of lems, there seemed to be another that hardly shrugged in 2009 when it came to expanding broadband VSAT networkaccess, where NSR noted that North America set a milestone ing services. Leading among them was Latin America, by becoming the first region to top 1 million subscribers, and driven by several major government rural connectivity and school network projects. Plus, the Middle East & North Africa and Sub-Saharan Africa managed steady growth in 2009 despite economic and well known capacity issues.

> Trunking services continue to decline in most markets, including the long-resilient Sub-Saharan African market as it is impacted by the arrival of numerous undersea cables, the spread of terrestrial fiber, and even the potential launch of and BWA markets continue steady growth and will easily for the foreseeable future.

~

## Satellite Exceeds Cable's Reach in Europe in 2009

77 million satellite and 71 million cable million households across Europe. households, according to the annual survey conducted by satellite operator 125 million HD Ready TV sets have SES. Terrestrial infrastructures reach been sold since the start of HD in 2005. 86.5 million households; however, not It is expected that by 2013, an estimated even half of them (48 percent) are digi- 55 million households will be equipped tal.

creased to 92 percent, with a total of 71 million out of the 77 million satellite households being digital. Cable still These are the results of the latest SES shows the lowest digitalization rate, ASTRA Satellite Monitor, conducted in with one third or 34 percent (24 mil- 29 European and North African counlion) of all 71 million cable households tries, and based on almost 70,000 face-

with both an HD Ready TV set and a suitable HD receiver. Satellite is ex-The digitalization rate of satellite in- pected to remain the largest distribution platform for HD.

For the first time, satellite reaches more being digital. IPTV is – by definition – to-face and telephone interviews. households than cable in Europe, with 100 percent digitalized and reaches nine Among the highlights of the study:

- Around 60 percent or 146 million TV homes receive programs digitally (includes all reception modes: satellite, cable, terrestrial, IPTV).
- Satellite serves every second digital TV household and reaches 71 million digital homes (49 percent of the digital market); cable reaches 24 million digital homes (16 percent), terrestrial reaches 41.7 million digital homes (29 percent), IPTV reaches nine million homes (6 percent).

## VSAT Providers Cautioned on Pricing Potential Users out of the Market

aperture terminal (VSAT) market has experienced a conflict- in this region are affluent and can afford the services. Furing impact: a spurt in service revenues and, simultaneously, a ther, North America has the least problems with satellite dip in the sales of equipment or hardware. VSAT providers, bandwidth. while pleased with the hike in service revenues, are wary of pricing many potential, cost-sensitive VSAT users out of the "In the rest of the world, software, hardware, and technology market.

Moreover, the success of the service market is cannibalizing new additions to the market, which, in turn, is detrimental to VSAT equipment manufacturers. Satellite bandwidth has been limited by a lack of new satellites and the increasing demand for satellite bandwidth by current and new customers.

New analysis from Frost & Sullivan World Satellite VSAT selves by bringing communication capabilities to remote Markets, thoroughly examines the following markets: satel- rural areas that are not currently served by terrestrial commulite, VSAT hardware, and fixed satellite services.

launches harder to secure in the current economic climate. There also exists lowered bandwidth availability because the U.S. army, with its two wars in Iraq and Afghanistan, has been buying more satellite bandwidth. Such demand has resulted in service accounting for a larger percentage of total VSAT market revenues than equipment.

While the rise in the costs of services affects the Asian, Latin American, and rest-of-world regions severely, North Amer-

The issue of inadequate bandwidth in the world very small ica is relatively resistant to this trend because most end users

that lowers bandwidth use and thereby, VSAT service costs,

will be in high demand," explains Frost & Sullivan Research Analyst Daniel Longfield.

The market will also grow through increased activity in the oil and gas exploration vertical, particularly as this segment has helped achieve many VSAT technological and service breakthroughs.

VSAT market participants could help themnications networks. They could also build redundant, ubiquitous, and emergency-resilient hybrid satellite VSAT/ Market participants have found financing for new satellite terrestrial wireline or wireless networks for large enterprises and governments.

> "Participants could also partner with satellite manufacturers and VSAT equipment providers that offer flexible and affordable equipment," adds Longfield. "Flexible equipment that can be utilized when the next VSAT killer application emerges will keep service providers from losing market share to the competition."

## WTA Releases Report on "What Customers Want"

The World Teleport Association announced the release of a new report, What Customers Want. A product of interviews conducted by WTA with senior decision-makers for teleport and satellite customers in the media and entertainment sector, the report explores the thinking process of key buyers in North America and Europe as they are likely to affect their purchases of services and technology from teleport operators and their space segment partners.

According to the report, the biggest challenge facing the media & entertainment buyer in North America and Europe is staying on top of technology change with an aging infrastructure and flat budgets, with switching broadcast infrastructure to high definition a close second. Change is on the horizon, according to respondents. Nearly three-quarters expect their total transmission requirements to increase and only one quarter expect to be using the same mix of trans-

mission paths in two years. In addition, a solid majority of buyers are interested in having service providers enter their value chain and take responsibility for multiple aspects of contribution and distribution.

WTA Executive Director Robert Bell, notes, "The flexibility of satellite may become even more valuable as the media and entertainment industry continues to struggle with unprecedented change. That bodes well for teleport operators who can deliver the gains in efficiency and new capabilities that their customers so badly need."

What Customers Want is available free to WTA members from the World Teleport Association Web site at www.worldteleport.org. Non-members may purchase a copy of the report from the site as well.



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able continues its dominance of the US TV market at the end of 2009 with nearly twice as many subscribers as satellite in the US with 60 million households. Telcos like AT&T and Verizon added 1.9 million new subscribers to their IPTV services in 2009 to reach nearly 5 million households.



Data culled from company sources.

#### **Calendar of Events**

May 4-6, 2010 **ANGA Cable and Sat**ellite, Cologne, Germany, Tel. +49-221 -8210 web: <u>http://www.koelnmesse.de/</u> index e.htm

May 11-13, 2010 NCTA Cable Show 2010 Los Angeles Convention Center, Los Angeles, Calif. USA, USA Tel: +1 (202) 222-2430 E-mail: <u>thecableshow@ncta.com</u> web: <u>http://</u> www.ncta.com/Event/Event/ CableShow.aspx

May 12-13, 2010, **GVF 3rd Annual Oil & Gas Communications Europe 2010: 'Digital Applications & Communications Dynamics from the North Sea to the Arctic Ocean'**, Marriott Hotel, Dyce, Aberdeen, United Kingdom, Tel. + 44 (0)1727 884 513 web: <u>http://www.uk-</u> <u>emp.co.uk/3rd.O&G.Europe.2010/</u> Introducing our new solution to your De-Icing needs



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Company Name	Symbol	Price (Apr 1)	% Change from 2-Weeks Ago	52-wk Range	% change from 52-wk High
Satellite Operators Asia Satellite Eutelsat Communications Hughes Communications Inc. Immarsat SES Global FDR	1135.HK ETL.PA HUGH ISAT.L SES.F	11.28 26.40 27.96 760.00 18.58	-0.18% 5.90% 4.48% -2.50% 2.43%	7.99 - 12.80 14.90 - 26.35 12.42 - 31.52 452.50 - 807.50 12.76 - 18.97	<ul> <li>↓ 11.72%</li> <li>↑ 0.19%</li> <li>↓ 11.29%</li> <li>↓ 5.88%</li> <li>↓ 2.08%</li> </ul>
Satellite and Component Manufactur Boeing Company (The) COM DEV International COM NPV Lockheed Martin Corporation Com Loral Space and Communications Orbital Sciences Corporation Co	ers BA CDV.TO LMT LORL ORB	72.99 2.98 83.88 35.24 18.75	5.52% -6.88% -0.07% -2.22% 0.11%	35.81 - 74.53 2.52 - 4.15 65.21 - 87.18 19.27 - 36.55 12.11 - 19.63	<ul> <li>↓ 2.07%</li> <li>↓ 6.99%</li> <li>↓ 3.79%</li> <li>↓ 3.58%</li> <li>↓ 4.48%</li> </ul>
Ground Equipment Manufacturers C-COM Satellite Systems Inc. Comtech Telecommunications Corp. CPI International, Inc. EMS Technologies, Inc. Viasat, Inc.	CMLV CMTL CPII ELMG VSAT	0.33 32.43 13.09 16.57 34.58	17.86% 3.88% 3.40% 3.82% 4.85%	0.24 - 0.39 25.02 - 38.39 7.13 - 14.48 12.00 - 23.17 20.35 - 35.13	<ul> <li>↓ 17.95%</li> <li>↓ 15.52%</li> <li>↓ 9.60%</li> <li>↓ 28.49%</li> <li>↓ 1.57%</li> </ul>
Satellite Service Providers Gilat Satellite Networks Ltd. Globecomm Systems Inc. International Datacasting Corp. ORBCOMM Inc. RRSat Global Communications	GILT GCOM IDC.TO ORBC RRST	5.64 7.65 0.2850 2.20 11.92	-2.76% -0.78% -3.39% -9.09% 5.67%	3.20 - 5.98 5.10 - 8.57 0.22 - 0.40 1.25 - 3.23 9.52 - 15.68	<ul> <li>5.69%</li> <li>10.74%</li> <li>23.26%</li> <li>31.89%</li> <li>23.98%</li> </ul>
Consumer Satellite Services British Sky Broadcasting Group DIRECTV DISH Network Corporation Globalstar, Inc. Sirius XM Radio Inc.	BSY DTV DISH GSAT SIRI	37.26 34.27 20.73 1.32 0.8401	6.18% -0.81% -3.72% 2.33% -8.68%	24.53 - 38.54 21.47 - 35.18 11.57 - 22.18 0.42 - 2.00 0.30 - 1.18	<ul> <li>3.32%</li> <li>2.59%</li> <li>6.54%</li> <li>34.00%</li> <li>28.81%</li> </ul>

## The Satellite Markets 25 Index<sup>™</sup>

The Satellite Markets 25 Index™ is a composite of 25 publicly-traded satellite companies worldwide with five companies representing each major market segment of the industry: satellite operators; satellite and component manufacturers; ground equipment manufacturers; satellite service providers and consumer satellite services. The base data for the Satellite Market Index is January 2, 2008--the first day of operation for Satellite Market and Research. The Index equals 1,000. The Satellite Market Index™ provides an investment benchmark to gauge the overall health of the satellite industry.

INDEX	Index Value (April 1)	Percentage Change 2 Weeks Ago
Satellite Markets 25 $Index^{TM}$	1127.11	<b>+</b> 5.96
S & P 500	1178.10	<b>•</b> 6.25

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