

Satellite Evolution Yearbook 2012



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All photos courtesy of Globecomm.



Meeting the demands of an evolving market

New York-based company Globecomm is dedicated to providing complete end-to-end solutions to its clients across a diverse range of vertical markets. It is a company that constantly strives to be at the cutting edge and prides itself on being able to deliver the very best to its customer base across the world. Helen Jameson spoke to David Hershberg, CEO of Globecomm, to find out what the future holds.

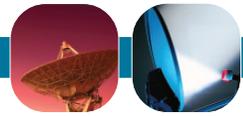
Question: How is Globecomm meeting customer demands in this constantly evolving market?

David Hershberg: There are all kinds of customer demands that we have to meet. Globecomm is involved in several vertical markets including wireless, government, maritime, the media business, and enterprise to name a few, so we do a lot of different things.

One of the reasons we serve different verticals is because if you diversify your business, then slowdowns in certain sectors can be offset by pick-ups in another. For example, the maritime business slowed down for some time be-

cause the amount of traffic and ship building slowed down. However, at the same time, our cellular business grew very quickly and our government business held up fine. We have obvious concerns about our government and military business due to the pending withdrawal of troops in Afghanistan, but we believe we have business to replace that downturn. The military is increasingly relying on technology which is in our sweet spots.

We have just won a contract with a large maritime shipping company, which we cannot name at this time. This is an interesting and important project because it is the largest cel-



David Hershberg, CEO of Globecomm.

lular contract for the high seas – the largest floating network in the world. It is an M2M network, and we hope to expand that into morale and reliable communications for crew members by providing high-speed Internet and voice services. Each of these ships has a couple of base stations on them, and we build the infrastructure so that we can also host cellular services.

We have four cellular switches at our facility – two CDMA and two GSM, and we operate around fifteen different cellular companies out of this facility. We plan to get more installed as we go.

In the enterprise area, we have introduced a new product called Tempo which is a very sophisticated and flexible enterprise media platform that allows organisations to create a secure, private network for their internal communications, employee training, and digital display.

So we are in a lot of different markets today, and we believe that this is the way forward.

Question: Which portion of Globecomm's business is currently most in demand?

David Hershberg: The cellular hosting business. We have the capability to provide services to small cellular businesses that cannot afford to buy their own switches. These switches sell for as much as US\$5 million apiece, so it is an expensive business to go into. If you have a limited number of subscribers - you cannot justify that kind of cost. Globecomm enables these smaller operators to compete with the larger companies by hosting complete services to their clients. Our big growth area is data services, as

you can imagine. With all the mobile devices being used today, data surpassed our voice services some time ago. We grew 200 percent in the last quarter.

Our maritime business, is doing well. We also have a number of very good opportunities to build IP-based broadcast centres and we are looking forward to this year being a good year for media and the broadcast centres.

Question: Globecomm places itself as a company at the forefront of emerging technologies, and your TechForum event is an example of this. What trends do you see emerging within the industry?

David Hershberg: Over the years, we have built up a lot of good intellectual property that allows us to provide IP service by satellite very efficiently. As you know, there is a convergence between data voice and video, all running on IP type platforms and facilitating this is something we are very good at. This is where we see an evolution in the business. We saw that happening up to 14 years ago and that is why we were able to put a lot of emphasis and money into developing good IP services.

The Techforum in August, which is now an annual event we host in Long Island, went very well. We had over 200 attendees and 20 sponsors – which was very impressive for something taking place in the middle of the Summer – and speakers from across the industries we serve such as M2M, mobile, cyber security, cloud computing, wireless, as well as fibre, and mobile video distribution. One of the major developments that we are seeing is the provision of media and other services to mobile devices and the emphasis on doing this very securely and efficiently. This is a major area we have been working on.

Question: What do you feel are the industry's main challenges at the moment?

David Hershberg: There are a lot of changes in government business. In Iraq and Afghanistan, there has been a tremendous increase in the amount of satellite capacity required and used over the region for both military and commercial operators. We are fortunate to have been able to operate in both Iraq and Afghanistan for both military, government and commercial require-



ments - it has been a relatively large part of our business and we have built a number of networks.

We expect that Afghanistan activity will shrink over the next two years as it has in Iraq. We believe we have enough potential in other verticals to make up for this reduction in revenue.

One of the things that we like to emphasize is that while we build infrastructure, we don't then just "walk away." We can operate a system, provide the satellite space segment (after all, we are a teleport) provide training, logistics support and maintenance. One of the best examples is from 2005 and 2006 when we built a complete VSAT and broadband network for the Ministry of Communications in Afghanistan. This was originally a government network, but it then became a telephone network. Today, we are still

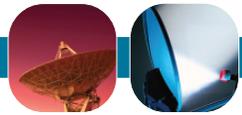
providing this network and we have a relatively large service over there.

For NATO, we also built a force tracking system and still operate and maintain that network for them. The fact that we build these networks and then maintain and operate them allows our customers to rely on just one company. They prefer this. Most do. If there are any issues one company is responsible and gets called. This is a great plus for our customers. Having the ability to build various different types of infrastructure and to have various capabilities across different sectors is a great asset for a company to have.

Question: Can you please tell me more about Globecomm Europe and the reasons behind its formation?

David Hershberg: We made two acquisitions





in Holland,— C2C and Mach 6. Two fine companies. They complement each other in a number of different ways. Mach 6 is very strong in the maritime VSAT business. C2C provides the same type of services. The synergy between the two companies led us to combine the two and now constitutes the brand, which we call Globecommm Europe.

The combined entity, headquartered in The Netherlands, will continue to build upon and leverage the strengths of the Globecommm brand and its former subsidiaries while further enhancing the company's global presence.

Both C2C and Mach6 have strategically continued their European regional leadership in the managed satellite communications solutions area. Globecommm Europe represents the value and history of C2C and Mach6 and the strong, combined identities which are part of an exciting new brand. Along with the recent re-branding of our South African operation as Globecommm SA, we continue to expand the Globecommm presence and image to accurately reflect our worldwide reach. Our resources are stronger than ever in Europe, South Africa and around the globe, where Globecommm is privileged to serve thousands of customers in more than 100 countries.

Question: Globecommm have made some acquisitions over recent years. Is this something that you intend to continue to do if the right opportunities arise?

David Hershberg: Yes. We certainly do. We have made five acquisitions now and we are very fortunate that we have got good people involved with them. We have our company in South Africa as I mentioned, and we trying to expand in a similar fashion. We also have Globecommm Maryland, which was the first acquisition that we made six years ago. This has been very successful in the government business area. We have also bought a company called ComSource that complements our cellular business very well and provides cellular consulting and engineering for a cellular companies. Acquiring these companies makes us a stronger business and rather than having to grow all these capabilities internally, we have good companies with good people to offer our customers what they need. It is all down to the people who run these compa-

nies of course. Some things never change. We don't have the time or resources to micromanage each company, so if we know that there are good people running them, we simply manage them and collaborate to innovate. I am very pleased with the acquisitions we have made because, as you know, many do not work out. Ours have.

Question: What can we expect from Globecommm over the coming year?

David Hershberg: Well we have had a very successful fiscal year. I think there are some challenges ahead, which I alluded to. The drawdown in Afghanistan and the world economy in general always keep us on our toes. However, we think we have a good capability in a lot of areas and we are trying to identify weaknesses and overcome them. We do look for good acquisitions with engineering capabilities. One of the areas we want to build on is our cybersecurity area. I think the main thing is that we want to build on what we have across the board to make our business stronger and to offer our customers the services they require.

