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# SATELLITE PRO

TECHNOLOGY INTELLIGENCE FOR THE SATCOM MARKET

MIDDLE EAST



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# SATELLITE IS A CRITICAL APP

“We are in a time similar to the dawn of the Industrial Age,” says David Hershberg, CEO, Globecom and member of Society of Satellite Professionals Hall of Fame. In an interview with *SatellitePro*, the industry veteran talks about potential in Africa, technology innovations and offers advice on coping with recession

**The big players in the satellite industry are making serious inroads into Africa – do you see any challenges operating across that continent?**

While there are many challenges operating in Africa, we have managed to operate and install a good number of networks there. There are challenges in every project because networks are not simple things. However, with

governments, it is always an issue of working with a formal request for proposal and a specific contract process. It is also a question of ensuring reliable financing and receiving payment or letters of credit. Maturing economies, or those which are not fully transparent, are more of a risk. What is your tolerance for risk, is always the question. The risk is outweighed by need, in my view.

There is a big need for providing internet, cellular backhaul and private and public networks in Africa. We are actively pursuing contracts in Africa and, I like to think, helping specific countries move into what the Intelligent Community Forum calls “The Broadband Economy.” Another challenge faced currently, because there are more networks in place, is maintaining systems in Africa. That is a different discussion.

**The cellular backhaul market is expected to reach \$23 billion by 2012. How much of the cellular backhaul market will be addressed via satellite? And what are the growth areas across the globe?**

It is clear to us that the efficiency of the new satellites will reduce the cost of satellite backhaul from approximately US\$8,000 per T1 to less than US\$1,000. The sheer economics [involved] transforms the satellite option and product into a viable alternative in many locations. What is exciting is that we will be able to allow sparsely populated areas without adequate broadband infrastructure to enjoy cellular services, including voice and data. For them, satellite is the "critical app" that gives their economies more life.

**While HDTV is widely accepted and being implemented, how do you believe the market for 3D will grow? What are the challenges in trying to 'marry customers with technology' as far as 3D is concerned?**

We have not seen a great demand for providing 3D systems or services. We have talked to some of our customers but the attitude seems to be to "wait and see". I believe that like digital cinema, which is hitting its stride, the moment for 3D will arrive. We are planning for it, but to date I cannot say there is a gold rush anywhere that we see.

**From the home-built radio at the age of 11 to delivering anytime, anywhere information, do you believe your generation has seen all the dramatic changes there is to see for a lifetime – that change from now onwards will be incremental?**



David Hershberg, CEO, Globecom

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No. The pace of change is accelerating. Going back to Ka-band, the new Ka band satellites provide 10 times the throughput from last year. Do the math on that one and it blows your mind. Accelerators and compression techniques are increasing efficiency at a faster and faster pace and new applications are being found for satellites in transportation, oil and gas and media. We are in a time similar to the dawn of the Industrial Age, because we have uncovered and made commercially available, a range of communications' applications that are driving new types of demands and also driving ideas for people to make money around them. Heck, we've even discovered planets that have a more comfortable temperature than Earth – and one of them is even larger!

**Maritime is one sector where there is no competition from**

**fibre. What are the possibilities for the satellite industry in this sector? What areas have not been addressed as yet in this sector by the satellite industry?**

Yes. You cannot "dig up" the oceans to lay fibre. (Although I am sure someone has thought about it!) One of the most important uses of communications at sea is affordable voice and internet service for the crews. Crew morale is important also. Here the use of VSAT and K-band service is evolving. Inmarsat has made headlines by claiming it will offer low-cost Ka band service.

Another use is M2M (machine-to-machine) service for cargo and ship data. This is an entirely new area that is worth talking about at some point.

**Going forward what direction will demands from the military sector take vis-a-vis the satellite industry?**

As with most everything else in our societies, the nature of both war and peace-keeping have changed dramatically because of satellite and internet networks and related digital technologies. In fact, generals will tell you that "cyber protection" has become a literal branch of the military. Through this, what is called "Blue Force" tracking, has become a major satellite requirement with all militaries. This requires broadband battlefield communications to expand to remote places, where peacekeeping forces for the United Nations, NATO and others need small, reliable and

## SatInterview

highly transportable systems. To accommodate this need, we have developed a complete line of these systems in X, Ku and Ka band. I expect the market for these products to be a growth area for us and our partners.

**You set yourself a challenging goal of coming up with a new product or a new market each year. In 2010 what success did you achieve in this endeavor?**

It is something I insist on, actually. Again, innovation is our heritage. In this year, both our GSM and CDMA switches were rolled out to Tier 1 level. We initiated VSAT service in the maritime business and developed a family of tactical terminals, including a remarkable product we call Manpacks. For the enterprise side, we introduced a new software product called TEMPO, which is targeted for distance learning and corporate communications purposes. We have also entered the cellular consulting business with our acquisition of ComSource. Finally we received Ka-band contracts from Hughes for its Jupiter programme gateway terminals and from governments worldwide.



We also had our problems but adjusted and were flexible in our thinking. Our major problem was that we made bandwidth capacity commitments before we had the requirements. Fortunately we did not borrow money and were able to buy our way out of satellite and fibre capacity agreements that we made during the euphoria of that first bubble.

This period is different because the markets are different. The “velocity” of the markets and the ability to be disintermediated by competition is higher than ever. I

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### The “velocity” of the markets and the ability to be disintermediated by competition is higher than ever... Have enough (by way of) different products and markets to hedge against downturns

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This may be the most important development because Ka-band will become increasingly important in the years ahead.

**You witnessed the dotcom bubble burst and survived. What would your advice be to satellite companies during the current period of prolonged global recession?**

would say that the main thing is do is to not leverage one’s business based upon optimistic projections which might change very quickly. Diversify around your core offerings and innovate. Have enough (by way of) different products and markets to hedge against downturns. Easier said than done, I know. However, it is a key to survival and there are ways to do it. **PRO**

## About David Hershberg

David Hershberg started his career in 1959 at ITT Defense Communications working on earth stations for the first active communications satellite carrier as well as many other early satellite programmes. He founded ITT Space Communications, Inc. in 1968; Comtech, Inc. Systems Division in 1972; and Satellite Transmission Systems, Inc. in 1976, each becoming successful.

During his 18 years as President and CEO of Satellite Transmission Systems, Inc., STS became the global leader in the field of satellite communications ground

station systems. STS had annual sales in excess of \$110 million, and an installed base of over 1,000 major earth terminals. In addition to his duties at STS, Hershberg also served as the president of the Satellite Communications Group of California Microwave Inc., which included responsibility for EF DATA, Inc. and CMI Mobile Products. David E. Hershberg founded Globecomm Systems Inc., in 1994 and has been its chief executive officer and chairman of the Board of Directors since its inception.