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PROFILE

David Hershberg

**CHIEF EXECUTIVE OFFICER
GLOBECOMM SYSTEMS INC.**

Learning Something New Every Day

One might be tempted to think that as a 47-year veteran of the satellite industry, David Hershberg would exude the nonchalance of someone who has seen it all.

But nobody is more excited about the ever-changing business than Hershberg. "In the last four or five years, I've probably learned more than I did in the 40-some before that," he said.

Hershberg entered the satellite business in 1959 and served as president of Satellite Transmission Systems Inc. for nearly two decades before founding Globecom Systems of Hauppauge, N.Y., in 1994. Since then, former Satellite Transmission Systems employees have gravitated toward Globecom — so much that they now make up about 50 percent of Globecom's employees.

Globecom began largely as a

provider of satellite ground-station hardware and software. Hershberg added a network services division a few years ago after recognizing the growth potential of that business. Services now account for about 25 percent of Globecom revenues and, along with government business, are a major driver of the company's growth. In the past four years, Globecom sales have climbed from \$48 million to \$145 million, and the company has been profitable for the past 12 quarters.

Globecom today has 220 full-time employees, as well as representatives at various locations around the world, Hershberg said.

Hershberg spoke recently with *Space News* staff writer Missy Frederick about the company's successes and challenges.



In which business area are you seeing the most growth?

About five years ago, we decided to go heavily into the government business. We were mostly commercial and international business before Sept. 11. After that it took off, which was especially good for us because we had sort of been left behind in the government market when we first started. We've grown our government and military business from under 10 percent to more than 50 percent this year, which includes U.S. government agencies and military.

Also, one of our goals is to increase the service end of our business. We like that business a lot because it is a lot more predictable; usually we have five-year contracts, at least. We just announced five-year network service contracts in the past few months with the National Weather Service and the Federal Aviation Administration, for example.

In general, beyond the U.S. government, around 20 percent or more of our service business is broadcasting, such as direct-to-home television, 10 percent is services to telephone companies, 15 percent is foreign governments and about 5 percent is enterprise customers. About all our areas are growing except the enterprise end of things. We're going to push to do more there, such as providing backup service in the event of terrestrial services going out, or video service to companies doing training exercises.

Which companies are your major competition and what distinguishes you from them?

DataPath is probably by far our biggest competitor in the government area. The unique thing about what we do is that we have this service element where we provide a managed network along with hardware, giving complete end-to-end service to our customers. This distinguishes us from some of the larger companies.

What sorts of initiatives does Globecom have under way for the government market?

Over the last year, we created a family of small, transportable tactical terminals called the AutoExplorer terminals. What's special is that you can push a button and they'll configure into a network and find a satellite automatically. The termi-

nals range from 0.77 meters to 2.4 meters in size. In addition, we developed a terminal that can attach to a Humvee. We have been going around and talking to potential government customers who would use these kinds of terminals. We tried to put within these terminals a wish list that customers had for features, such as no airflow into equipment that might be in a desert environment.

What major contract opportunities will you pursue this year?

We were one of six companies selected for the [U.S. Army's] World Wide Satellite Systems contract, which is estimated to be worth up to \$5 billion over the next five years. We're hopeful we're going to win some of that business. We haven't gotten any awards through that yet — it's a tough business, but we're still pursuing it. We have products for most of what they require.

We're also part of an agreement with agencies within the United Nations. We've booked about \$25 million of business through those buying agreements and expect to do more.

What contracts or programs are among your company's biggest?

I'd look to the work we've done in Afghanistan. There we connected 31 provincial capitals and the connectivity we installed became the backbone of the country's national telephone company. We also connected about 300 other sites using very small aperture terminals.

That work earned us about \$45 million, and we did additional work with the Ministry of Communications and the Afghan National Army. We also entered a \$35 million buying agreement to build well over 100 terminals for U.N. peacekeepers working in Afghanistan. Our broadcast business is also significant; we did about \$22 million worth of business over a five-year period for an unnamed customer.

Who are the main customers for your earth stations?

Mostly government agencies, the military, communication carriers and video broadcasters.

What challenges does your business face right now?

In general, when you're a public company, growing rev-

enue becomes a major challenge. We're very hopeful that our service business can grow and we can keep those customers long term. Our challenge is to see greater growth within our existing business areas, and to turn our enterprise business into a growing one.

Has disaster response proven to be a market for your company?

We've done some work there. We have an agreement with a company called Agility Recovery Solutions. They're a company that provides recovery communications to enterprise customers. Basically, they bring in vans, and set up call centers within 24 hours or 48 hours of an emergency.

We were very active during the hurricanes with a lot of their clients. It's kind of like an insurance policy for companies. During Hurricane Katrina, we worked with them on about 30 sites, bringing places such as Home Depot back on the air when they lost their terrestrial services.

Do you have plans to enter any new markets?

We're looking at some new markets, such as pursuing customers in the financial markets or the oil and gas companies. We're trying to figure out a way to get into those areas, but we haven't done that yet.

One area we may pursue as a new market is Internet Protocol (IP) television. We've gotten much more efficient in using bandwidth on satellite to deliver IP. We could market to telephone companies so they can compete with cable in triple-play offerings. We think there's a good future in that.

Are you considering corporate acquisitions as a growth avenue?

If we can get an acquisition, our stock prices are fair now, and it gives us some currency. The challenge mainly is to grow our revenue. We've been trying for over two years now to get an acquisition. We have to find the right one that's synergistic and accretive to our earnings. We're still looking, but the important thing is convergence.

Right now we're in a good position to improve revenue and our bottom line.