

New Satellite Applications



HDTV



Telemedicine



Satellite Radio



Inflight Satellite Connection



2 Way Internet & Broadband



Your Satellite Connection
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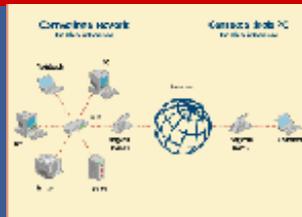
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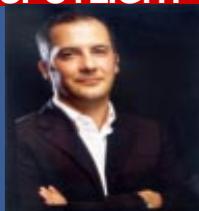


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EXECUTIVE SPOTLIGHT

Tiscali's New Satellite Services: What's Up?

Interview with Tiscali's Senior VP, Mario Mariani

Tiscali was created in 1998 in the wake of Italy's telecom deregulation as a regional phone company. It has since greatly expanded as an ISP after entering the stock market and raising capital to consolidate other ISPs such as Netherlands' World Online International and France's Liberty Surf pan-European services. It now has over 7½ million customers, half a million of them broadband users.

Mario Mariani joined Tiscali five years ago and now heads up the company's global business direction. Prior to that he had worked in various media communications R&D roles including Video OnLine, Italy's first national ISP, which was later acquired by Telecom Italia. It is for this reason we expected some interesting answers to our questions about Tiscali's view on the future of satellite broadband. We learned that there have been many twists and turns along the way, with much more innovation to come. Though future poses its challenges for satellite, huge niche markets remain attractive business opportunities, not unlike, for instance, the powerful place Apple Computer holds in the world of personal computers. Mariani spoke to SatMagazine correspondent Howard Greenfield, excerpts:

HG (Howard Greenfield): *What has been your experience introducing a pan-European satellite broadband service?*

MM (Mario Mariani): Tiscali has introduced satellite based Internet access products back in 2001. As a group we have a pan-European strategy, operating in 14 European countries, that's why we have been delivering satellite offerings in most of our main markets. This year, we have added hybrid services to our traditional 2-way services to target more aggressively residential customers and, in general, to deliver broadband in areas where terrestrial technologies are not available.

HG: *What are the driving application forces?*

MM: Our approach is simple: to deliver a broadband experience to residential and business customers out of reach of ADSL and cable. In this sense, we feel that any application that is enhanced by a high speed, always on connection is in principle appropriate for our services. However, we also have to cope with a technology, satellite transmission, that has a few characteristics that may limit some specific usage. For example we discourage real time applications such as gaming or teleconferencing over the internet.

HG: *What strategies work, and what can the rest of the world learn from Tiscali's experiences?*

MM: We use two different marketing approaches that are complementary to each other. The



Mario Mariani

first one is to benefit from the communication and promotion we have from our traditional ADSL products proposing an alternative satellite product whenever ADSL is not available; this allows us to deliver broadband everywhere in the countries where we are present. The second approach is to target the niche markets created by the uneven coverage of ADSL and Cable with specific initiatives and agreements; this commercial policy has led to successful achievements in rural areas and with specific vertical targets.

HG: *What percentage of Tiscali service offerings is terrestrial-based, and what percent satellite-based?*

MM: Satellite represents a small part of our business, addressing only a niche of the total market. The service

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is still more expensive than a similar ADSL service and has some technology barrier in the awareness of the customers that are just now beginning to disappear in the case of ADSL due to mass communication. However, we believe there is a market for these services today and in the future; in fact, despite the increasing coverage of terrestrial technology, there is a physiological percentage of the population in each country that is likely not to be ever covered.

HG: *What is the most promising area of Satellite applications for the future?*

MM: We see a lot of potential in the applications that allow to exploit the technology in the best way. We have a few interesting projects of developing specific applications such as video broadcasting and multicasting, e-learning, scheduled downloading etc. The real challenge is to translate these interesting possibilities with a service offering that matches the requirement of the market.

HG: *Can you cite some exciting examples of how consumer and corporate customers currently use these services?*

MM: I can quote 2 different examples: the first one is the case of one of our Business Customers connecting their partners with our Small Business 2-way access product to deliver a distance-learning application package. The requirement here is to have a broadband connection available everywhere and that can be relocated as the service requirements need to connect new

sites or to move existing sites.

The second one is a trial we are carrying out in France, exploiting a combined solution with satellite connection and Wi-Fi; the combination of the 2 technologies allows here to connect residential customers within a rural community to, once again, overcome the “digital divide” limitations.

HG: *What are the most compelling new satellite applications & services Tiscali offers now and in the next 12 months?*

MM: Although our vision is to provide High Speed Internet access as a complementary service to terrestrial broadband technologies, we intend to exploit the satellite technology for its best features. We therefore do not want to create too much differentiation with respect to our other broadband services but, at the same time, we are planning to deliver more value added applications to our satellite residential and business customers. We think about e-learning, events streaming, business TV , scheduled content download, etc.

We are in the midst of a natural evolution of the Internet moving from an access only demand to a market place where customers are requiring more and more value added services. We have a general strategy to enrich our offer with a complete set of services ranging from security to media services, from



An ad in Tiscali’s slick campaign to woo Europeans to broadband

messaging to content applications. Satellite services will follow the same evolution.

HG: *What are the biggest technical and commercial challenges to robust, satellite services that can compete with ADSL and what must the industry as a whole (not just Tiscali) do to provide better value for the satellite customers?*

MM: I do not see competition between Satellite and ADSL because they are addressed to different and separated geographic area, the former being attractive only in the areas where ADSL is not available.

Satellite is an expensive media where the economy of scale that allowed the retail prices of terrestrial access services could not balance the costs

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typical of the technology. Commercially, we share with other industry players, like for example satellite bandwidth owners and customer terminals manufacturers, the challenge to decrease prices to partially fill the gap with the cheaper terrestrial services. With the same objective, to deliver a possibly homogeneous broadband access, geographically independent, we must work to increase the performances of satellite services.

HG: *Describe some examples or lessons—that Tiscali has learned along the way in providing satellite to the market?*

MM: From a marketing point of view, a strategy that has led to very good results has been to go for agreements with regional based associations and influence group. This has allowed to target successfully rural and niche areas.

From a technical point of view, we learned not to create false performance expectations to our customers; we intend to communicate the idea that Satellite is somewhat similar to ADSL and other broadband technologies but has some limitations, especially related to latency, that are specific and proper of satellite transmission.

HG: *Will satellite broadband ever be able to compete with terrestrial in price and performance?*

MM: No, I believe there are some technical characteristics within satellite technology that will not allow the conditions that allow the economy of scale typical of terrestrial technologies. At the same time, once again, satellite does not compete with terrestrial technologies and will be attractive only in the areas where it is the only technology available.

HG: *Are there different customer requirements for satellite broadband in the different parts of the European market?*

MM: As a European company, we handle market differences in our everyday business. I would say that there are probably not specific satellite

requirements but we do have different, in general, broadband requirements. For example, we have the Nordic customers that are usually heavier users than the average and are therefore more performances demanding. On the other hand we have our eastern market, Czech Republic that is just now starting with terrestrial broadband services and is therefore more keen on alternative satellite access services. 

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Howard Greenfield



Howard Greenfield is principal of Go Associates Consulting Partners (www.go-associates.com), a leading consultancy that develops and implements high-tech product marketing and business development strategies. He has held leadership roles in Fortune 1000 and some of Silicon Valley's top companies including Sun Microsystems, Informix Software, General Foods/Kraft, University of California, Apple Computer and was VP, Product Marketing at Obvious Technology and Softface, Inc.. Mr. Greenfield is a frequent contributor to leading industry publications, and serves on the board of BlueVoice, a non-profit organization dedicated to ocean life and habitat. He was educated at the University of California, and Stanford University, where he received a Masters Degree in Interactive Technology. Howard can be contacted at howard@go-associates.com.