

Accelerating

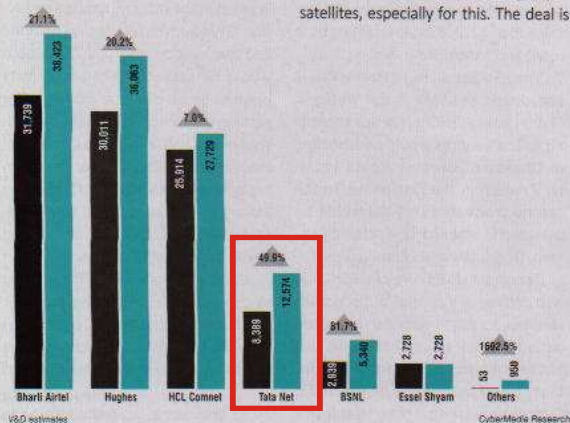
This year too, the VSAT segment is expected to scale new heights with demands from various sections escalating

The VSAT segment has demonstrated an unparalleled growth in the last few years. Driven by technological changes, the industry is growing at a steady pace of 20,000 terminals y-o-y. India can see a penetration of over 5 mn VSATs in the next ten to fifteen years—across enterprises, government, SMEs and consumer segments.

The VSAT installations touched 123,807 in fiscal 2009-10 from 101,773 by growing at 21.7%. Bharti Airtel grew by 21% with a market share of 31%. Its nearest competitor Hughes showed 20% growth and commands marketshare of 29%.

Top Players

■ FY '08-09 ■ FY '09-10 ▲ Growth



Major Orders

Hughes has launched high QoS VPN VSAT, managed broadband services and digital media services in 2009-2010. Hughes also got some path breaking assignments last fiscal—a huge order for Rs 40 crore with the Indian Navy. ISRO is planning to put satellites, especially for this. The deal is

important given the fact that it will be connecting submarine aircrafts.

In the field of distance education, Hughes dominated by securing orders with Edusat and Educom. Through 2,500 VSAT's of Hughes, nineteen movies per week were screened as well as it supported the live telecast of IPL matches. Launch of the DVB-S2 technology by Hughes in India with the latest ACM/AIS on its HX platform is an important technology breakthrough. This offers customers high QoS bandwidth to run their core applications.

Airtel also launched 'One Airtel for CSCs' as a packaged service for SCAs (CSC operators) which reduces their dependency on immediate success of G2C services and enables a continuous revenue stream. 'Bandwidth-on-demand' and 'Pay-per-use' models have been launched for increasing the affordability of the VSAT services. Airtel is also offering VSAT services on an opex model. The company claims that it has brought the VSAT pricing by 40%.

Tatnet's managed services offerings cater to the demand by focusing on complete network management needs spanning from LAN to WAN. In the enterprise segment its customers include—Tulip, Rignet, Federal Bank, Syrian Bank, VESTAS, and Lanco. HCL Comnet has planned to shift all SkyEdge VSATs from INSAT-3B to INSAT-3E. The VSAT shifting activity from INSAT-3B to INSAT-3E would involve realignment of VSAT antenna installed at member's location.

Also, companies are doing their bit in 'going green'. As the power requirement for VSATs is low, solar power, wind turbine based system and hybrid system are being considered for VSAT applications. These alternate energy sources are considered for powering VSATs with essential SCADA applications and in islands and other remote locations.

Challenges

In spite of the tremendous growth that the industry is exhibiting, there are many challenges facing the industry. From security clearance for the import of equipments to importing VSATs with connected antenna, a lot has to be done by the government on the imports front.

Also, private players have issues with the USO funds being given to BSNL only, they have a strong take on the matter that they say that subsidies should also be given to private players in the segment as well. An industry expert feels that the dish size should be reduced to 50%. The reason that the US has world's maximum number of VSATs is because the dish size of the VSATs are comparatively smaller which has subsequently allowed the penetration in houses as well. VSAT deployment should also be made easy like the set-top boxes.

Newer technologies like 3G and BWA are expected to start services towards the end of the year, and so the industry is awaiting the way these services will unfold. Overall, the regulatory environment remains the biggest hurdle for last three to four years and it is yet to be overcome. Other challenges that are looming large are—capex for VSAT networks, poor infrastructure, providing better SLAs, visibility in terms of up time and overall value for money. Fluctuating dollar price can also escalate the already existing pressure on the industry.

Year of Opportunities

The year 2009 has shown several opportunities in the field of defense, banking and other government funded projects. The momentum in these sectors will continue in 2010 as well. With the economy going the right way, private sector projects in banking, broking and e-learning are expected, which have traditionally been VSAT segments.

The Indian VSAT market has an installed base of around 1 lakh terminals and is poised to grow at 20% in terms of installed bases by the year end.

Archana Singh
archanasi@cybermedia.co.in

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