



Satellite Manufacturing: The New Reality



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VIEWPOINT

Satellite Challenges and Solutions Cross All Borders: A Case Study in Africa



by Howard Greenfield

The communications satellite has appealed to the imagination ever since it was dreamed up in 1945 by Arthur C. Clarke, author of *2001: A Space Odyssey*. A breathtaking idea whose time has come, the business model remains challenging. Finding the right mix of services that will attract a large customer base for the right price is an ongoing task. While Silicon Valley and European are typecast as the centers for

Johannesburg South Africa, serves the entire African continent by satellite with an interesting commercial and social approach. With 680,000 digital subscribers in South Africa, and more than a million subscribers across 50 African and Indian Ocean countries, their Satellite reach includes PAS 7 for Ku band coverage of southern Africa and PAS 10 for C band

coverage of sub-Saharan Africa. They have invested in Ku band service on the back of the Eutelsat W4 satellite to attract customers by offering smaller dish requirement.

CEO Nolo Letele compares his business with that of the U.S. and Europe: "Our growth is

also fueled by the fact that while your markets overseas are penetrated with TV sets, here, the economy is transforming in ways. You are starting to see upward mobility in the population, which is good and means that a market is being created as we go along. We expect our South African

subscribership to peak at about two million."

"Some of what we do is not yet available where you are in Silicon Valley. As a sole operator you have the attention of your subscribers. Our average middle to higher income person hasn't got a lot of entertainment, so DSTV supplies 50 channels, with as many as four sports options, four movie, and all of this makes for enjoyable watching—and value that is higher than it's US counterpart."

There are a variety of issues that satellite technology must tackle such as providing commercially successful programming content for diverse audiences and new interactive services. Multichoice is concentrating on these areas. For instance, when Ford recently launched its Bantam bakkie in Africa, they chose to use an interactive approach for DSTV subscribers with Interactive capable decoders with Ku-satellite band. This included supplying a virtual catalog on new vehicle features and the ability to book a test drive.

Culturally, the technology is being applied to stimulate development by delivering online educational frameworks such as the Multimedia Rural Initiative which brings learning and technical tools to schools. But the modern school-age generation also demands the



The SHOMA Foundation, a Multichoice subsidiary, providing teacher training in remote African villages through satellite technology.

marketing new technical achievements, satellite delivers the benefits of those efforts around the world, across all borders.

Africa's infrastructure requirements are likely to be one beneficiary, and MultiChoice, headquartered in

most innovative services. As Linda Vermaas, head of DSTV content puts it “We know the 16 to 30 year-old market watching MTV wants greater interactivity. They are the computer and cellphone generation and the youthful market wants to be able to use it all, have a convergence. We’re looking at that.”

So, the major challenge is to deliver cutting edge competitive programming and services and to increase profitability in a mature South African market by offering additional services to subscribers, and for the rest of Africa, increase subscriber base.

This is also emphasized by Carl Fischer, head of local production for sister company M-Net: “Our packaging has to be desirable to subscribers. It has to be compelling

and unique. Our challenge is to understand there’s no such thing as a general audience, and then cater to that. We have to be innovative, we have to be relevant to our viewers. This is what we can do with local programming that we can’t do with foreign content.”

Wherever satellite covers, the business case must follow. It’s

crucial to take the risks of moving ahead quickly and capturing new markets. As Mr. Letele says, despite the growth and success: “We are a ‘fast follower’, studious of other global rollouts, but not too late to market. We’ve grown and learned our lessons . and paid the price of being a pioneer.” **SM**

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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 Sofface, 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.

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The advertisement features a tiger's face in the background. On the left, there are two server racks, one black and one silver, both with the EMS logo. In the bottom right, there is a blue satellite terminal. A small DVB-RCS logo is also present in the bottom center.