



Editor's View

▶▶ At a time when Loral Space and Communications has announced it is filing for Chapter 11 protection and selling six of its spacecraft to Intelsat, perhaps the fact that Boeing is reviewing its commercial strategy might go relatively unnoticed. This is, however, a significant indicator of the current state of the satellite industry.

Boeing has announced it is realigning its launch and satellite businesses focusing on its primary customers. The aim is to ensure programme execution and reduce infrastructure costs, which should allow the company to weather the downturn in the commercial satellite market. This means that Boeing Satellite Systems is to be consolidated into Space and Intelligence Systems, while the Expendable Launch Systems, which produces and operates the Delta family of launch vehicles, will become primarily a government supplier with the Air Force as a major customer. Rocketdyne Power and Propulsion, on the other hand, will become part of NASA Systems. Finally, an Integrated Defense Systems Office of the President is to be created.

Although the realignment is expected to have minimal impact on employment, it also sends a strong signal to the world at large: the satellite industry is really changing this time. After years of academic discussions regarding the need for the space and satellite sector to re-organise according to a new economic reality, something is finally beginning to happen. And once again, the big US players are leading the way. Boeing's realignment plan seems a response to the crisis of the past two years, in which we have witnessed a historically low level of satellite orders. While the general consensus is that the number of orders is on the increase once again, the economic woes of the past 24 months will be felt for years to come. Companies should be warned: while a recovery seems to be under way, it will take time for its effects to be felt

throughout the industry, especially for a sector such as the launch services - the average lapse of time between the award of a contract to build a satellite system and its launch is 24-36 months. In this sense, Boeing's decision to focus its Delta launchers on the US Air Force, while at the same time signing an agreement with Arianespace SA and Mitsubishi Heavy Industries (MHI) to provide a new commercial service offering, that combines the strength of the three launch service providers, seems very sensible indeed.

In addition, it should be considered that even an economic recovery carries some risks. Sectors such as manufacturing, which are likely to be amongst the first to benefit from a general recovery, should already think about reorganising their operations. Companies need to prepare for a recovery, as the failure to switch gear from a 'hibernation mode' to one of 'hyperactivity' could cost them dear. Therefore, Boeing's decision to restructure its operations could have not been more timely: it is never too early to prepare and get ready for the future.

As we stand today on what is generally agreed to be the verge of a gentle recovery for the satellite sector, perhaps one might ask whether the crisis of the last two years had any positive outcome. We are of the opinion that provided that the right decisions are taken, even the past two years could do a lot of good to the industry. In a period of crisis, companies need to find new sources of revenues, and expanding into other markets is one way of pursuing this goal. If in response to the current crisis anti-competitive barriers are taken down, global alliances forged and markets liberalised, then we will be witnessing the creation of a truly global space and satellite marketplace. And if this happens, even the suffering the industry went through over the last few years would have been worthwhile. ■

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