

John Kealey - iDirect Technologies

Giovanni Verlini, Editor of *Satellite Evolution Asia (SEA)* spoke with **John Kealey**, President and Chief Executive Officer (CEO) of iDirect Technologies, one of the most successful broadband satellite technology companies in the world.



*John Kealey, President and CEO of iDirect Technologies*



**Question: How would you introduce iDirect to the readers of Satellite Evolution Asia (SEA)?**

**JK:** iDirect Technologies is a satellite networking equipment company headquartered in the US but with offices throughout the world: for example, we have an Asian headquarters in Hong Kong and an EMEA headquarters in London. We currently have 125 employees, two-thirds of whom are in the US, while the remaining one-third of the workforce is located in the rest of the world. However, since we are anticipating higher

rates of growth in the international market rather than in the domestic US, this ratio is likely to change in the future.

As a company our focus is an absolute commitment to our customers' success, in that we give them what we think is the world's best broadband Internet Protocol-based (IP) satellite router.

We designed our technology from the ground up to be built around the concept of IP transport via satellite. This means that since we did not have to adapt our equipment from legacy technologies we were able to drive more efficiency in the management of the bandwidth usage, which is a network operator's largest expense. The level of efficiency in our products is such that network

operators can provide their customers with services that perform to the level of terrestrial networking equipment.

**Q: Can you expound briefly on the company's history: when was it founded? Who are your current shareholders?**

**JK:** iDirect Technologies was founded in 1994, which means that we have been in business for just over ten years. During the first few years of operation we concentrated on developing the technology, while we have only been actively selling our products over

the last three and a half years.

We are a privately-held company and our primary shareholder is a venture capital firm from the East Coast of the US. They became shareholders five years ago; before that iDirect was a typical start-up company.

**Q: How was 2004 for iDirect, and what do you expect 2005 to be like?**

**JK:** Well, 2004 was a great year for us: we experienced a 150 per cent growth in revenue! Besides, we were profitable and cash-flow positive. But most of all we added a number of new partners from all around the globe: network operators, system integrators, Value-Added Resellers (VARs), etc, who have adopted our products as their primary satellite broadband IP-based technology. They are now using that technology, selling it to their customers and teaching their sales people how to build solutions around it.

2005 also set off to a great start: in the First Quarter (Q1) we more than doubled our revenues compared to Q1 2004.

**iDirect Technologies and Signal Mountain announce partnership**

iDirect Technologies and Signal Mountain have announced a technology partnership to provide greater networking capabilities to Signal Mountain customers who utilise satellite access as part of their networking solution.

"We are looking forward to expanding our relationship with Signal Mountain," said John Kealey, President and Chief Executive Officer (CEO) of iDirect Technologies. "We are seeing more and more interest in hybrid networks that integrate satellite and landline connections to support worldwide enterprise offices. Signal Mountain specialises in integrating advanced networks to deploy these hybrid solutions. Because iDirect's technology was designed specifically for IP networking, it is the most flexible and efficient IP over satellite solution on the market. This makes it ideal for the satellite element of these types of networks."

By utilising the iDirect remote access solution, Signal Mountain will not only be able to support full integration of satellite access into a multi-site enterprise network, they will be able to support more advanced user technology at remote locations. Remote locations utilising Very Small Aperture Terminal (VSAT) connectivity will have the same user experience as customers at all other locations. Signal Mountain networks utilising iDirect solutions will support Voice over Internet Protocol (VoIP), video, broadband data access, or virtually any IP centric application.

"Signal Mountain consistently utilises the best of breed technology to support our customers' needs," said Jonathan Huffman, President of Signal Mountain. "By integrating the iDirect VSAT on our network platform, we will be able to assure our customers they will enjoy the same quality of service they have come to expect from Signal Mountain, regardless of how many locations they need to support, or where they are located." ■

" We designed our technology from the ground up to be built around the concept of IP transport via satellite. This means that ... we were able to drive more efficiency in the management of the bandwidth usage "

**Q: Let us move on to technology now. Can you describe iDirect's product portfolio?**

**JK:** Historically, we have been providing one product in the marketplace: the Net Modem 2 Plus, which forms the core of a platform alongside a Very Small Aperture Terminal (VSAT) and a hub. This is a star topology network solution for broadband IP over satellite.

However, we are now expanding our portfolio. This year we are launching the iNFINITI series, which we are just about to start shipping. The new family of products will allow us to expand into the mesh and the Single Carrier Per Channel (SCPC) market. This means that through one single platform a customer will be able to provide a network topology that could be star, mesh or a dedicated circuit such as SCPC.

The Infinity series is a multiple product platform comprising the 3000, the 5000 and the 7000 lines. Each one of these products has different features, the 3000 being the entry level product, the 5000 being what I call the enterprise solution, and the 7000 serving the higher end of the market. Naturally, they vary in performance as well as price.

While we are extremely excited about this new product range, I would also like to add that a strong part of our strategy over the next five to ten years is to continue to expand our product portfolio.

**Q: Having done some research on the company, I came across a business philosophy that iDirect seems to have adopted: being a 'complete partner' with its clients. Would you be so kind to explain to our readers what does this exactly mean?**

**JK:** It is essentially a philosophy of partnering with our clients. It is also a motto that we have with our employees: we are totally committed to our customers' success, and we support that success in three ways.

First and foremost we build products that give them better economics, ie, products that allow them to keep down their operating costs. For example, better efficiency allows customers to drive more bits across a mega-

hertz of bandwidth, thus reducing the cost of the space segment.

The overall aim is to provide our customers with a capital investment that gives them better return. For example, we make our hubs flexible and scalable, which allow our customers to make capital investments that follow their revenues. They do not have to make a crippling investment upfront hoping that the revenue will come; they can make a more modest investment and then upgrade it over time, scaling it with the revenue stream. In other words we help them economically: we understand their business model and we make sure we develop technologies that help support their business model.

**Q: What are the other two ways of supporting your customers that you mentioned earlier?**

**JK:** The second ele-



ment of our practice is that we help them find business. We do this in a number of ways. For example, we do dozens of trade shows every year, many of which are in support of our partners. For example, if one of our partners wants to do a trade show for a particular vertical market that they are in, we will

support them at that event. We may have our products in their booth, we may do demonstrations for them, we may do some target marketing: you name it. We will help them be successful in their marketing efforts.

In addition, we also generate leads for our customers: we will go out and find customers for our network operators and pass the leads to them. This truly is a partnership: if they are successful, we are successful!

**Q: And the third way?**

**JK:** The third aspect of our philosophy is support: we work very hard with our support group. We train our staff to do whatever needs to be done to make sure the customer is taken care of. When they call us with an

issue, we make sure that the problem is solved fast, because that is probably an impediment to them running their business.

Besides, we are also proactive: if we know there are potential issues of any sort we would contact our network operators and talk to them about these issues.

**Q: A question of a more general nature now. What is the future of broadband via**

**satellite?**

**JK:** I am very bullish about the IP transport market via satellite. I believe that satellite presents some real unique advantages in this application and will be able to play a great role in IP transport.

**Q: Why? And what role could satellite play?**

**JK:** The growth of the Internet has been phenomenal over the past few years. Ten years ago not many people had email addresses, while today people cannot live without checking their email inbox several times a day. The same analogy is true for a number of IP applications in all sorts of areas: education, healthcare, government, etc. I think it is practically impossible to find a business anywhere in the world that can really be successful without having some sort of access to the Internet.

As the Internet has grown in importance, IP transport has become critical. This means that there is a strong need for pervasive and consistent last-mile networks, something that only satellites can deliver. There is lots of terrestrial connectivity in the world of course, but there is also a large part of the world that does not have terrestrial connectivity. And this is a great opportunity for satellite communications.

Our challenge consists in being able to provide last-mile connectivity solutions in a way that they become available to our customers at the right price. There is a lack of broadband connectivity in many areas of the world, and yet in those parts of the world there is great demand for broadband IP transport. If we bring the right, affordable solutions to those markets we have a phenomenal opportunity.

Another factor that makes me feel buoyant about the opportunities for satellite is the

rise of transportable applications. Satellite has the great advantage of being accessible anywhere on the territory and there are a growing number of transportable applications that will have to take advantage of this flexibility.

**Q: What is your view on the market? What are the most significant trends in satellite technology these days?**

**JK:** I believe there are three significant trends in the satellite broadband market that can be identified today.

“ We are witnessing the rise of IP video: an increasing amount of video content is moving to IP.”

Firstly, technology companies such as iDirect are focusing on driving down the cost per bit of transport. This is very important for our customers.

Secondly, we are witnessing the rise of IP video: an increasing amount of video content is moving to IP. This started with corporate video for applications such as training, but I believe that soon even the broadcasters will move to IP en masse.

Lastly, it is the rise of communications on the move, ie, the transportable applications I was mentioning earlier. Be it on trains,

recreation vehicles, buses or military vehicles, people want connectivity wherever they are. I am not saying that satellite is going to provide connectivity everywhere in the world and in every single market application, but it will certainly play a significant role in it.

**Q: It is the often-debated rivalry between terrestrial and satellite solutions: what is your opinion on that?**

**JK:** There are applications in which satellite will never be able to compete with terrestrial technologies. But this is not what satellite should be doing anyway. The telecom market is enormous: \$1.2 trillion dollar in terrestrial service revenue in 2004. All satellite needs to do is to increase its share of this market.

**Q: How do you see the Asian market?**

**JK:** I believe that the Asia-Pacific region is a phenomenal market. It has an extremely robust economy that makes it a growing, global market.

**Q: What do you mean by global market?**

**JK:** Asian companies sell products and services around the world: when your marketplace is the world, then network access becomes paramount, because you are dealing with customers, suppliers, partners from all over the globe. And you need to have broadband connectivity to do that. I believe that satellite can play a pivotal role in this part of the world.

In Asia we just began our operation last year, so we are fairly new to the market. But we are committed to bringing the same approach that has made us a successful company everywhere else in the world. At present, for example, we are looking for partners to help us build this market and leverage our technology. ■

**iDirect Technologies and Helius announce strategic technology relationship**

iDirect Technologies and Helius, Inc. have announced a strategic technology relationship to provide an evolutionary platform for the distribution of data, rich media and business information.

“This new solution is a great application of both our technologies,” said John Kealey, President and Chief Executive Officer (CEO) of iDirect Technologies. “We are combining the satellite industry’s most powerful Internet Protocol (IP) networking equipment with the world’s best data broadcasting solution. The resulting platform will allow our customers to deliver content anywhere with greater efficiency, and use it more effectively at these locations. By utilising the iDirect remote router we are also providing these customers with a bi-directional network capable of a 4.2Mbit/s return channel.”

The joint iDirect-Helius solution will provide customers with a comprehensive enterprise-wide data broadcast infrastructure ideal for corporate broadcasts, distance learning, digital signage, software updates, and desktop Internet access. Data broadcasting over satellite delivers audio, video, streaming data, software programs and other digital or multimedia content to multiple locations simultaneously. IP content is transmitted via iDirect powered satellite networks to Helius MediaGate routers where it is then routed for local use.

“This partnership with iDirect generates opportunity for new applications and services at additional remote locations, and more remote network availability,” said Ron Heinz, President and CEO of Helius. “By combining the strength of the Helius MediaGate Router with iDirect satellite access equipment, we’ll have a business class broadcast solution head and shoulders above anything in the market today.”

After completing interoperability testing, Helius joined iDirect’s IP Alliance programme, a partnership of companies intended to offer the enterprise community proven and comprehensive networking solutions that compliment their current networking strategy. ■