

Erik Ceuppens - FTMSC

Giovanni Verlini, Editor of *Satellite Evolution Asia (SEA)*, spoke with **Erik Ceuppens**, Chief Executive Officer (CEO) of France Telecom Mobile Satellite Communications (FTMSC).

France Telecom Mobile Satellite Communications (FTMSC) is a wholly owned France Telecom subsidiary marketing Mobile Satellite Services (MSS) provided by Inmarsat, Thuraya and Iridium.

The company has a highly active distribution network and nine sales offices.

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

EC: France Telecom Mobile Satellite Communications, or FTMSC as it is known, is one of the leading companies in the world providing mobile satellite communications to customers all over the world.

We have around 20 per cent of the global market share, with an offering spanning across three mobile satellite services available today in the marketplace: Inmarsat, Iridium and Thuraya. We believe that we probably serve the largest subscriber base in our industry.

Q: Would you be so kind to tell us more about the company: how about giving a few numbers regarding the number of employees, locations worldwide, annual turnover in 2004, etc?

EC: Our annual turnover in 2004 was about US\$200 million, which we consider being a great result given that we have been posting significant growth rates over the past few years.

At present we employ some 260 people worldwide, while in terms of office locations we have our head office in Paris, as it is to be expected, and numerous sales offices throughout the world. The purpose of the sales offices is to support our distribution network.

In Europe we have offices in The Hague in the Netherlands and Bonn in Germany. In the US we have an office in Miami, while in the Middle East we have an office in Dubai, while we have recently opened an office in Algeria, where we won one of the Global

Mobile Personal Communications via Satellite (GMPCS) licenses to provide MSS in that country.

As far as the Asia-Pacific region is concerned, recently we opened an office in Hong Kong and one in Singapore.

Q: Who are your customers? What is the typical profile of the FTMSC's customers?

EC: We serve customers that have a need for communications services on the move. Traditionally, these are divided into maritime and land mobile segments. In turn, the maritime sector can be divided into trading vessels and fishing industry – our company has a particularly good position serving the fishing industry. The land mobile segment, on the other hand, is made up of six major areas: government, defence, aid organisations, Non Governmental Organisations (NGOs), the media, and the energy sector, often also referred to as the oil and gas industry.

It is interesting to see that if you look at the industry's statistics, our company is probably the number one provider of services to the land mobile segment. For example, we played a pivotal role in the development of the mobile land market for Inmarsat when the mini-M was introduced in the mid 1990s. Similarly, we were heavily involved with Inmarsat in the deployment of their Regional Broadband Global Area Network (RBGAN). That is why I believe that we are extremely

“ the market is still recovering after the so-called Iraqi bubble effect ”

well positioned to capture the growth opportunity represented by BGAN.

We have experience of bringing new technology to the market very quickly: our involvement with Inmarsat, as well as Thuraya and Iridium clearly shows it.

Q: Which industry is your typical customer from?

EC: Traditionally, we are very well established in the land mobile segment, whilst in the maritime side of our business FTMSC is not in the same position.

However, it has been our strategy over the last few years to reinforce our position in this area: we have focused on the maritime



Erik Ceuppens, Chief Executive Officer (CEO) of France Telecom Mobile Satellite Communications (FTMSC).

sector to improve our market position. Overall, in 2004 we have improved significantly our market position in terms of Inmarsat market share, and this trend was confirmed over the First Quarter (Q1) of 2005.

Q: What is the market for mobile satellite communications like at the moment? What are the trends, significant changes that occurred over the last 12 months, etc?

EC: Looking at the market today, we can say that the market is still recovering after the so-called Iraqi bubble effect.

Q: What is the 'Iraqi bubble effect'?

EC: In 2003 the MSS market had been boosted by events in the Middle East: because of the war in Iraq, mobile communications traffic via satellite to and from the Middle East increased significantly. Indeed, it was difficult for the MSS industry to keep this level of traffic and revenues in 2004.

Personally, I have the feeling that the industry is a little bit on the defensive as a consequence of the bubble burst. But there is no real reason to be defensive: new systems and new technology such as BGAN are around the corner. These will create a positive momentum within the industry.

Q: How is BGAN going to create this momentum?

EC: BGAN will allow us to penetrate existing markets much deeper than today because of the size and affordability of the equipment, and because of the service capability it allows. At the same time, BGAN will also allow completely new markets to open for our industry. BGAN is a major opportunity for the MSS industry.

Q: In recent months, the press has reported interesting news regarding Ancillary Terrestrial Component (ATC) systems being developed especially in the US. Is this an area that interests you? Will it have any effect on your business?

EC: Personally, I do not expect this to be an area of interest for our company. It could turn out to be important for some satellite operators that are looking at this opportunity – Globalstar and Iridium are particularly active in this area, while I believe that Inmarsat are also looking at it.

Q: What is the exact definition of ATC?

EC: ATC would allow terrestrial mobile operators to use L-band satellite spectrum to extend their service coverage. In other words, this means that satellite communications would be used to extend terrestrial mobile coverage.

This is an interesting scenario for terrestrial mobile operators, but I do not really see that as a main element for our business.

Q: You mentioned earlier that you have just opened two offices in the Asia-Pacific region. Why are you expanding into the Asia-Pacific region?

EC: We see Asia as significant market opportunity, especially in the maritime sector. Our presence in the region is below average: that's why we have decided to focus on Asia to support our distributors in the region. You see, we are a very entrepreneurial company trying to define growth opportunity: we are a looking at growth opportunity driven by new technology, in both new and existing market segments. Assessing the position of our company we realised that in Asia we were not as strong as in Europe or the US. Therefore we decided to seize that opportunity.

Besides, Asia is a growing market: countries such as China are going through a favourable economic situation that is driving maritime transport.

Q: What services do you come to the market with?

EC: We offer a portfolio of value-added services that are very much appreciated by the

maritime industry at large. And given the portfolio, our proposition is extremely appealing for the industry.

These services include crew calling solutions – we have a prepaid service called scratch and phone – as well as one of the most developed email systems for satcoms called Skyfile. This is optimised for satellite communications and has a user-friendly interface: it saves costs but it is also very easy to install and use.

Other services include tools for cost-control for shipping companies and security over Internet Protocol (IP) network.

Q: My understanding is that you have a portfolio of solutions based on three satellite systems (ie, Inmarsat, Iridium and Thuraya)? Now that you have expanded to include Asia, do you have any plans to offer services based on the ACeS system as well?

EC: At present we have three solutions in our portfolio and so far we have not been actively looking into opportunities regarding ACeS. However, we are definitely looking into integrating new technology in our portfolio: we need to have the best solution to meet the need of the customer irrespective of the satellite system.

So if ACeS is a better solution for some segments of the Asian market, then we will be looking into that opportunity.

Q: How will the market for mobile satellite communications change in the future? What can we expect: new systems, new technologies, etc...?

EC: I think the market will have two elements that are set to drive growth in the mobile satellite environment: mobility and broadband. In this sense the satellite sector is not that different from the telecom sector, as these are the same elements driving growth in the terrestrial mobile industry as well.

The best example to illustrate this trend comes from handheld systems: over the last couple of years these have more or less doubled the traffic for MSS. And we see mobility continuing to be an important engine growth for the MSS industry.

On the other hand of the graph you have

broadband, another major growth potential for the MSS industry. And when we talk about broadband, we talk about BGAN. BGAN will be the equivalent of the Universal Mobile Telecommunications System (UMTS) for the MSS environment: it makes it possible to have voice, data and broadband Internet Protocol (IP) in one device. This allows the development of a whole new world of applications.

Q: I would like to play the devil's advocate on this issue: in the telecom sector we have Third Generation (3G) phones that in theory can deliver highly sophisticated services such as video calls and the like. In reality, however, people seem to be using 3G phones mainly for voice: it is cheaper and better quality than on Second Generation (2G) networks. Would you say broadband poses a similar threat in the MSS industry?

EC: Voice is certainly a component of MSS services, and there is no doubt that it will remain. However, if you look at historical stats about the telecommunications industry, you will see that data is major growth engine. Just look at Inmarsat's figure: data has been the engine for growth over the last couple of years.

We see more usage of data services in the future. Applications are aplenty: video, real-time data, etc. BGAN will ignite the mobile broadband market by making these services cheaper and more readily available.

Q: What are going to be FTMSC's next moves?

EC: We aim to develop FTMSC into a major maritime player with a presence all over the world, continuing with the good work that we have done over the last couple of years.

As a company, at present we are associated to the land mobile sector, but I can assure you that the maritime sector is more important to us. We have all the elements we need to succeed in our task: the basic services, the service quality, the value-added services, etc.

On the land mobile side of business, on the other hand, we believe that we are very well positioned to capture any growth opportunities. ■

FTMSC opens Hong Kong office

France Telecom Mobile Satellite Communications (FTMSC), a subsidiary of the France Telecom Group, has set up a sales office in Hong Kong to serve as a base for the marketing and distribution of its mobile satellite services in the Asia-Pacific region. The company's service portfolio caters for companies requiring voice and data communications solutions in areas where fixed line or GSM infrastructure is unreliable or non-existent. A second office will be opened shortly in Singapore, and from these two bases the company aims to serve land-based and maritime customers in China and Hong Kong, Singapore, Korea, Japan, Malaysia, and the Philippines.

"More and more Western companies are expanding into emerging markets and expect the same quality levels and always-on communications as they receive in their domestic environment," says Mans Lejeune, Sales Director for Asia-Pacific at France Telecom Mobile Satellite Communications. "The new office will help us better address these companies' needs in the Asia-Pacific region." ■