



Photo courtesy of Globecom.

Total solutions

Globecom Systems, based in New York, provides total satellite solutions for a range of market sectors spanning the world. Helen Jameson speaks to David Hershberg, CEO & Chairman about their business and recent acquisition.



David Hershberg, CEO & Chairman, Globecom Systems

Question: Globecom provides a wide range of total solutions all over the world. Focusing on the EMEA region specifically, can you tell us which solutions are in most demand and in which countries?

David Hershberg: We provide not only infrastructure built systems but we also provide all the service and maintenance and operations required after we build the systems. In the region there is quite a bit of video uplinking, video by IP, video to cable headends and Direct to Home TV. There's also requirements there for networking between different government agencies and for enterprises, providing reliable communications.

We are also working on a teleport in Dubai and adding a whole host of services including VoIP and providing Internet delivery which is a major requirement in a lot of developing countries and satellite's a good

way to do it if there's no infrastructure. So that's the kind of things we're working on.

Question: How key is the EMEA region to Globecom's business?

David Hershberg: Well Afghanistan has a lot of requirements and what we've done there is provide a nationwide network for the provincial capitals, plus a satellite network. We have also supplied a system for NATO – a force tracking system. NATO has been a major customer of ours. Afghanistan is a very good example of a total solution because we built the network there but we also provide satellite space segment, we operate and maintain the network and we train the people to take over after we leave. So we have a continuing revenue base from them after we've built the system to provide space segment, VoIP services and Internet – that's a very good example of a requirement and we also provide services for Iraq out of the



US mainly for government applications, so that's been a major business area for us also.

Question: Globecom works with four principal market sectors – Government and military, Communications Service Providers, Enterprises and Media and Entertainment. Which of these sectors is most significant and why?

David Hershberg: Our major business is US government and that amounts to close to 50 percent, foreign governments is about 20 percent, common carriers and service providers about 15 percent and our major business recently has been broadcasters and that's over 10 percent of our business. Enterprise is a relatively small part, about 5 or 6 percent.

Question: What trends and developments do you see emerging in the EMEA region? Where are the key areas for growth?

David Hershberg: There is growth for delivering media. Cellular backhaul is also going to feature. We think that's going to be a major growth area in a large part of the world because most of the cellular systems to date have been in the major cities and the growth is going to be in the smaller cities and we have a very good product that enables cellular backhaul by satellite.

Video over IP is also going to see growth. Government networks will also grow but it depends on the kind of unrest that's in certain areas and what kind of systems the governments want to provide for activities in that region.

Question: Earlier in 2007, Globecom closed its acquisition of GlobalSat. What is the significance of this acquisition and what will it mean for Globecom in the long term?

David Hershberg: It is a major acquisition for us – it is the first acquisition we've made. We have been trying to get a larger element of service within the company. Before we made the acquisition we were doing about 20 percent of service and about 80 percent infrastructure. With this acquisition we have doubled the amount of service we can offer and this year we'll probably do over 30 percent service. We are looking for acquisitions in the US to support the EMEA region. We want to offer things to our customers there that we currently can't, providing service by satellite the same as we do here. So it's a very, very important acquisition for us.

Question: Africa is obviously a vast continent and faces challenges in terms of communications. What solutions does Globecom provide for those in rural communities where cable and fibre connectivity is not an option?

David Hershberg: One of the things that we

are working on is providing cellular backhaul for small villages that are not served very well by fibre or by microwave. We have a very competitive product that enables you to make a business case to smaller communities and villages that have a small number of subscribers. In the bigger cities there is a lot of infrastructure required and switching and service. We have a product where a single switch can serve many, many small cities.

We have a contract for instance in Alaska where we are going to be serving 200 small villages with a single system so we think that is going to be a growth area. I think that video by Internet and video to headends by cable operators will be big business in the region.

We are running VoIP out of Africa into the United States and are servicing organisations such as the United Nations and operations that they have there in some of their offices, and also for the World Food Programme. We also have a contract with the UN for UNICEF.

We provide equipment to the UN Peacekeepers when they are deployed in some areas of Africa. We also have some

government networks that we are working on in Africa right now.

Question: What are Globecom's aims for the coming year?

David Hershberg: Well obviously we want to continue our growth. We are a public company. We are very fortunate because we have been growing at a rate of around 20 percent a year over the last four years. Our bottom line has been growing at better than 50 percent a year. What we will continue to try to do is develop products to service all our markets – government, broadcast, service providers and enterprises and we hope to be able to expand our business in all those areas with the products that we develop.

We also believe that the media industry is going to be very big. We've got a number of contracts for building media centres using IP technology. Obviously, cellular backhaul will be important, which we've already mentioned. Plus, we are still want to make another acquisition, as we are very happy with the one we have just made. ●

