

# VIEW FROM THE TOP

## Executive Q&A

### Andreas Georghiou CEO, Spacenet Inc.

With demand for satellite services growing, Gilat Satellite Networks Ltd. would like to see better performance from its Spacenet Inc. services group. To accomplish this, Gilat has rebuilt Spacenet's executive team and placed the pressure to perform on the shoulders of CEO Andreas Georghiou.

This is not the first time that Gilat has asked Georghiou, who has more than 20 years of experience in the industry and most recently served as chief commercial officer for SES Americom, to take over Spacenet. "I've known them for almost their entire life, going back to the times when I used to compete with GTE Spacenet and then as GE Americom decided to buy them because they had good orbital slots, good satellites and good customers," he says. "Part of that purchase was the VSAT business. We streamlined the business and sold it to Gilat. In the process, I got to know a lot of the people running Gilat, and throughout this time, they were asking me if I was interested in working for them in some capacity."

Georghiou resisted those initial advances, but reconsidered "when the current management of Gilat was brought back to run the business," and he took the helm at Spacenet in August.

Spacenet posted revenues of \$86.1 million in 2005, and Gilat and

Georghiou expect to see that number grow as the company rolls out new product offerings and services and the demand for satellite-related services increases. "This is a very interesting period of time for Spacenet and it has to do with where the industry is going and some of the things that are happening," he says. "The timing worked out just fine, and I thought the challenge was one I was ready to take on — one of running a business that has had its challenges and is now poised to take advantage of some significant opportunities."

Georghiou spoke with *Via Satellite* Editor Jason Bates at Spacenet's McLean, Va. Offices.

**VIA SATELLITE:** What do you see in the industry that made this the right time to take on this challenge?

**GEORGHIOU:** I have done just about every job that one would like to have in the satellite operator arena. I have done business development, finance, [information technology], sales and marketing, and operations. It was time to do something else. Along comes this opportunity, and in talking to Amiram Levinberg (Gilat's chairman and CEO), he related to me some of the products they have on the drawing board. The Cisco development — integrating the VSAT into the Cisco routers — was an exciting one. With the disaster recovery and business



continuity issues making industries take a very serious look at the satellite alternatives, and the government issues with homeland security, and the first responders challenges they have with communications. I thought this was an interesting time.

**VIA SATELLITE:** What needs to be done to tap into these markets?

**GEORGHIOU:** We have a job to do as an industry and that is to educate our customers. For instance, they might not be aware as much as we would like them to be that the cost of downtime may be a lot more than they think. They might not be thinking about it because they aren't aware that there are alternatives where you don't have to accept downtime. If you are a financial institution with 2,000 or 3,000 branches around the country or with 10,000 to 15,000 ATMs, why would you accept any downtime if you could help it?

The cost of installing these hybrid networks that provide business continuity versus the cost of being out of business for a period of time makes a very compelling case that you should

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have a backup network. All you have to do is calculate the capital expenditure cost and a very tiny, if any at all, monthly maintenance cost for the opportunity that you have almost nonstop availability of your network. I think this is a compelling case, but as an industry, we need to make this case to potential customers in more vivid colors.

**VIA SATELLITE:** What is the potential impact of the Cisco agreement for Spacenet?

**GEORGHIOU:** It is a growth opportunity because it enables us to provide services and equipment that make that business continuity concept possible. How big can that be? We have on the enterprise side an installed base of more than 70,000 customers, and our competitors have some as well. Even if for a technology refresh effort you were to replace all of these over the next two or three years with technology that is both more efficient on the utilization of space segment and have the business continuity aspect, it could be a very interesting proposition.

**VIA SATELLITE:** What opportunities do you see in Internet protocol (IP)?

**GEORGHIOU:** When it comes to IPTV, our view is that is a media play. It is an efficient way of delivering content to the end user. Whether there is enough of a value proposition or not to be successful remains to be seen.

On the broadband side, we play a significant role and we hope it will become even more significant, whether that is in the enterprise arena, the industrial verticals, the consumer market, or the small office/home office environment.

**VIA SATELLITE:** What are your goals in the home office/small office arena?

**GEORGHIOU:** I will not argue that the underlying economic market for broadband to home over satellite is an attractive one. We found out the hard way in this business — and others are finding it out — and some have predicted it correctly and decided to stay out of it. We have found a niche. We have learned a

lot of lessons and made certain investments in infrastructure, and as a result of that, we have found it interestingly profitable to stay in the business and continue pushing the envelope ever so quietly but consistently.

**VIA SATELLITE:** Why are so many companies trying to play in this market if the economics are not favorable?

**GEORGHIOU:** People that play in this space get excited with technology. I like technology, but I am not enamored with technology that doesn't make money. People find something that is exciting and want to get in and then let someone else pay the bills later. We've been there, done that.

I think people are hopeful that something else will happen, and clearly, a spot beam satellite design that can provide the efficiency that is needed to cover hundreds of thousands, if not millions, of subscribers and [customer premises equipment] that can bring down the cost to low figures are the keys to a generalized economic model for this type of business.

**VIA SATELLITE:** What does the creation of Spacenet government services provide that Spacenet was not doing for that market previously?

**GEORGHIOU:** Spacenet in the past had a very significant government business. Going through the various ownerships stages, that business was retained. Some of the contract vehicles that Spacenet had developed are still in existence, though not with us. So we have a heritage, but really don't have the business we created in the past.

Government agencies are very interested in satellite networks because it provides the mobility and addresses the seamless turn-on of a satellite-based network. All these elements make the government an attractive target, so we created the government services division. It's clearly an area everybody is targeting and we hope we will be successful in tapping that market. □

## CALENDAR

### JANUARY

7-12 **IEEE MTT-S Radio and Wireless Symposium**  
Long Beach, California  
(Conference Information: 781/769-9750; Web: www.radlowirelessweek.org)

14-17 **PTC'07**  
Honolulu, Hawaii  
(Conference Information: 808/941-3789; Web: www.ptc07.org)

### FEBRUARY

19-22 **SATELLITE 2007**  
Washington, DC  
(Conference Information: 301/354-1797; Web: www.SATELLITE2007.com)

### MARCH

6-8 **CABSAT 2007**  
Dubai, United Arab Emirates  
(Conference Information: www.cabsat.com)

12-16 **SatCom Africa 2007**  
Johannesburg, South Africa  
(Conference Information: www.satcomafrika.com)

20-22 **Convergence India 2007**  
New Delhi, India  
(Conference Information: www.convergenceindia.org)

### APRIL

14-19 **NAB 2007**  
Las Vegas, Nevada  
(Conference Information: www.nabshow.com)

### JUNE

19-22 **CommunicAsia 2007**  
Singapore  
(Conference Information: +65 6738 6776; Web: www.communicasia.com)