F R O S T & S U L L I V A N

2011 North America; New Product Innovation of the Year Award - Satellite Network Management

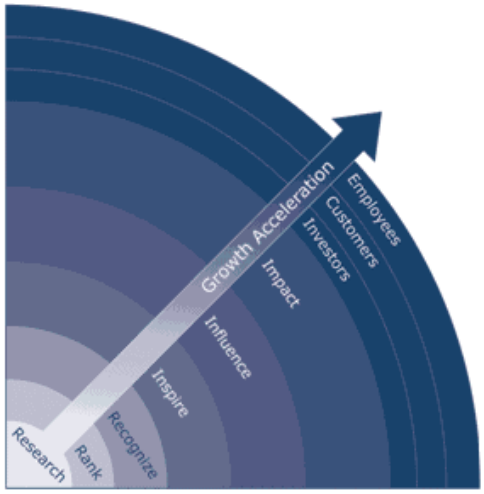
Frost & Sullivan is entering its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company's research philosophy originates with the CEO's 360 Degree Perspective,* which in turn serves as the foundation of its TEAM Research** methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Frost & Sullivan is proud to present the 2011 North American New Product Innovation of the Year Award in Satellite Network Management to Spacenet, Inc. for the development of Prysm Pro.

Significance of the New Product Innovation of the Year Award

Key Industry Challenges Addressed by Spacenet

Significant advancements have been achieved in the satellite communications domain since the launch of the first satellite. Satellites are now enabled to cater to a wide segment of applications including communications on the move, satellite imagery, transportation, heavy equipment, oil & gas, maritime, and energy utilities, in addition to industries such as aerospace, defense and telecommunications. With the introduction of “hybrid” networks integrating satellite with terrestrial options in the same network, many more large corporations with multiple sites are deploying satellite for applications such as business continuity, distance learning or multicast solutions. Today, with the technology for satellite launch, maintenance, and its ground-segment applications having matured considerably over the past few decades, the focus is shifting more toward satellite network management and greater integration with terrestrial networks. Frost & Sullivan independent research shows that the demand for satellite network management solutions is likely to increase drastically in the following years.

Satellite network management pertains to the task of monitoring and controlling the operations of a satellite network with the goal of increasing efficiency and productivity. More specifically, it has now become almost synonymous with the optimal utilization of the available electromagnetic spectrum in order to maximize bandwidth and minimize interference. This is ensured by a host of solutions that gather, process, and help interpret data about the network, as well as solutions that enhance the network's performance by enabling more efficient operations. While there are a number of solutions developed for terrestrial network management, the satellite domain entails a completely different arena, considering issues such as long transmission times and resulting high-latency levels.



Frost & Sullivan notes the following common challenges faced by satellite operators and service providers:

Network Access

Companies with a large footprint (thousands of sites) may not have uniform high speed networking options available to them in all locations. Some locations may have access to DSL or other terrestrial options, while some might only have cellular, dial up, or satellite available.

Network Security

Security is an area of satellite network management that has started receiving increased attention. Interference and jamming are two different versions of the same type of security threat. While interference is predominantly unintentional, jamming is always deliberate. Currently, however, inadvertent interference is a more likely cause for reducing network performance than electronic warfare. Regardless, satellite network operators - both in the defense and commercial domain - have come to realize the strong need for identifying sources of interference in order to mitigate its effects.

Application Support

Enterprise IT departments are becoming much more strategic within companies. As organizations look to leverage new applications that generate revenue, improve productivity, increase customer satisfaction, or just improve a customer's all around experience, IT departments have been forced to implement and support new systems and programs, often without any new resources. Enterprise customers need a platform that not only supports these kinds of applications, but also allows the IT department to outsource the core network functionality and manage access centrally.

Network Availability

Network downtime means lost productivity or lost revenue. It can also mean a poor customer experience, damage to the brand, and a negative image from customers. IT departments need to ensure near 100% network uptime.

IP Performance

At present, satellite communications is increasingly moving toward greater convergence of voice, video, and data traffic, over a common Internet protocol (IP) platform. This is in line with the progress in terrestrial radio communications toward achieving Everything-over-IP (EoIP). However, in the space arena, IP-based transmissions are affected more significantly by typical transmission control protocol (TCP) performance limitations. For instance, communications with satellites in the geosynchronous orbits and above are typically prone to high latency due to the extensive length that signals need to travel from Earth to the satellite and back. TCP transmissions are also affected by impaired links and may result in high-bit error rates. Furthermore, reduced throughput rates may be caused by delay and packet loss due to propagation and corruption causes, which may typically be interpreted as network congestion.

In order to manage these market challenges, Spacenet has developed Prysm Pro, the company's second generation integrated networking solution, based on the Prysm network appliance that has already been installed at a number of business locations across multiple industries. Prysm Pro is a self-contained hardware and software solution that provides a broad range of networking and content-delivery functions, as well as support for enhanced security and backup connectivity for business continuity.

Impact of New Product Innovation of the Year Award on Key Stakeholders

The New Product Innovation of the year Award is a prestigious recognition of Spacenet's accomplishments in the field of Satellite Network Management. It is Frost & Sullivan's firm belief that such recognition can have a profound impact in enhancing the brand value and thereby accelerating the growth of Spacenet. As captured in Figure 1 below, by researching, ranking, and recognizing those who deliver excellence and best practices in their respective endeavors, we hope to inspire, influence, and impact three specific constituencies:

Investors

Spacenet's current investors will be pleased to gain favorable press from an impartial third party with high industry credibility. Similarly, prospective investors are likely to favor companies with a well-established reputation for excellence.

Customers

A Best Practice Award will reassure customers that they are allied with an organization unmatched in its field.

Employees

This Award represents the creativity and dedication of Spacenet's executive team and employees. Such public recognition can boost morale and inspire these stakeholders to continue the best-in-class pursuit of a strong competitive position for Spacenet.

Figure 1: Best Practices Leverage for Growth Acceleration

Key Benchmarking Criteria for New Product Innovation of the Year Award

For the New Product Innovation of the Year Award, the following criteria were used to benchmark Spacenet's performance against key competitors:

- Innovative Element of the Product
- Leverage of Leading Edge Technologies
- Value Added Features/Benefits
- Increased Customer Value
- Customer Acquisition/Penetration Potential

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category.

The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings

on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Figure 2.

Performance-Based Ratings for Decision Support Matrix

This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Best Practice Award Analysis for Spacenet

The Decision Support Matrix, shown in Figure 4, illustrates the relative importance of each criterion for the New Product Innovation of the Year Award and the ratings for each company under evaluation. To protect the interests of the award recipient's competitors, we have chosen to refer to them as Competitor 1 and Competitor 2.

Criterion 1: Innovative Element of the Product

Realizing the gradual shift in the industry focus toward satellite network management, Spacenet custom designed Prysm Pro for customers who typically have thousands of sites and high security requirements. Prysm Pro is modular, scalable and supports complete PCI compliance. The core functionality of Prysm Pro is essentially intelligent routing.

Prysm Pro has been developed in response to customer demand to provide support for a wider range of business applications and streamlined corporate-wide network management practices. The end result is a product that allows customers to select the optimal network access option at each site, manage them all from a central location, support all applications on their network, and seamlessly integrate satellite connectivity as the primary or secondary connection in order to insure virtually 100% network uptime.

Criterion 2: Leverage of Leading Edge Technologies

Some striking examples of Spacenet's excellence in providing technologically advanced satellite solutions include the implementation of frequency-time division multiple access (FTDMA), virtual private network (VPN) accelerator, internet page accelerator, secure sockets layer (SSL) accelerator, transmission control protocol (TCP) accelerator, transparent compression, Simple Network Management Protocol (SNMP) support, Spacenet network administration portal and hybrid satellite networks.

In Prysm Pro, Spacenet has leveraged a Linux based modular design that allows for total flexibility for future needs. The Linux based open source operating system allows Spacenet to support customer needs by providing custom development for Prysm Pro in a highly customizable fashion and on very short lead times. This benefit offers a future-proof hardware platform providing complete control of functionality and security features required throughout the life of the network.

Prysm Pro includes basic features such as payment card industry data security (PCI/DSS) compliance including centralized logging, LAN segmentation, centralized software updates and configuration management. It enables secure transport over public IP WAN connections and LAN based traffic policing. Prysm Pro also enables Hybrid switching including virtual router redundancy protocol (VRRP) and BGP routing protocol for faster convergence, private IP addressing scheme with dynamic host configuration protocol (DHCP) and network address translation (NAT). The stateful packet inspection firewall service in the appliance enables the

set up of firewall rules to allow selected devices to communicate with selected hosts, and traffic through the device can be restricted based upon IP address, port and protocol type.

As Spacenet has been instrumental in the incorporation and development of various technologies, Frost & Sullivan feels that this is the company's greatest advantage when benchmarked against other market participants.

Criterion 3: Value Added Features/Benefits

Another key Frost & Sullivan factor used to evaluate the significance of this product is the evident features that increase the overall solution value.

Prysm Pro was developed to address some of the most common and most critical networking challenges that customers face as they transition their networks to leverage new technology and adopt revenue generating opportunities. Prysm Pro is designed specifically to monitor the primary access link at each location and hot cut the network over to the secondary option if it detects a problem. In this case, satellite is an ideal backup selection for locations utilizing terrestrial links. Prysm Pro utilizing a satellite link as backup insures complete network diversity, protecting the user from potential outages that can impact all terrestrial options in a region.

The premium features of Prysm Pro include serial asynchronous encapsulation over IP and compatibility with major store systems such as Gilbarco G-site, Ingenico, Radiant, Wayne-Dresser Plus, Autogas, Nucleus and VeriFone Ruby. It also comprises other features, such as dial backup including internet service provider (ISP) services and automatic failover with quality of service (QoS), managed Wi-Fi hot spot service, support for multiple secured wireless networks, Mac address authentication, Wi-Fi hotspot activity logging, hypertext transfer protocol (HTTP) content filtering, public IP recording, intrusion and violation logging.

Prysm Pro also offers enhanced hardware options, such as integration with Gilat's SkyEdge systems, 802.11 b/g/n Wi-Fi access points, dual-port VoIP analog telephone adapter with POTS failover switch, and internal SD card slot for local content storage.

Criterion 4: Increased Customer Value

The true measure of significance is the impact the product has over improved customer value when compared to the solutions offered by its competitors. Prysm Pro allows customers to select the best WAN option at each location, reducing cost and operational issues while also leveraging satellite access for complete network redundancy and risk mitigation. It also allows the IT department to implement and support critical business initiatives, regardless of the primary network access method, such as VSAT, DSL, cable, 3G wireless, or dial up at each location, or while the network is operating over one of its secondary backup options.

Prysm Pro interfaces with VSAT, DSL, cable, 3G wireless, dial up access, or any combination of multiple WAN links. This allows customers to deploy the ideal access option at each location, while utilizing a secondary option to insure network diversity for business continuity. The final result is lower network cost, improved network uptime, and greater operational efficiency.

Therefore, product innovation and the customer specific services evolve into cost effective and increased operational benefits for the end-users.

Criterion 5: Customer Acquisition/Penetration Potential

The fastest growing market for Prysm Pro is retail. Due to their geographic spread, varying availability of WAN options, stringent security policies, and high requirements for network

availability, retail is an ideal market for Spacenet. Prysm Pro supports retail applications by providing integrated point of sale (POS) hardware interfaces, PCI compliance, VoIP, WiFi and multimedia content delivery, such as digital media, across any combination of WAN access methods, all while insuring business continuity.

The key features that make Prysm Pro so different - and particularly appealing to this market - is the level of network flexibility it provides to retailers to help them meet their specific strategic priorities. In addition to the ability to develop, deploy and manage custom or off-the-shelf applications at thousands of locations, Prysm Pro allows customers to easily outsource critical network functions, improving operation efficiency and insuring successful implementation of strategic initiatives. The retail market is particularly aware of the need to leverage new options to increase revenue from existing customers, reduce costs and improve operational efficiency. Prysm Pro was custom designed to combine the most ideal technology options for this type of customer, allowing them to gain the greatest utility of their network.

Based on the above mentioned criteria as defined and measured through Frost & Sullivan's competitive benchmarking analysis, Spacenet is the recipient of the 2011 Frost & Sullivan New Product Innovation of the Year Award.

The CEO 360 Degree PerspectiveTM - Visionary Platform for Growth Strategies

The CEO 360 Degree model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The 360 degree perspective is also a “must-have” requirement for the identification and analysis of best-practice performance by industry leaders.

The 360 degree model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Figure 5 below, the following six-step process outlines how our researchers and consultants embed the 360 degree perspective into their analyses and recommendations:

Critical Importance of TEAM Research

Frost & Sullivan's TEAM Research methodology represents the analytical rigor of our research process: it offers a 360 degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that the successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

About Spacenet

Founded in 1981, Spacenet Inc designs, develops, and manages wireline and wireless broadband network solutions for US based business, industrial and government customers. Spacenet has a longstanding tradition of industry leadership and innovation, and today has more than 130,000 operational network endpoints for customers including many Fortune 500 companies and major government agencies. Spacenet offers a complete product and services portfolio for applications ranging from primary communications for corporate applications and secure data transfer, to hot stand-by solutions for continuity of operations and network backup, or field deployable solutions for disaster recovery and emergency management. Spacenet Integrated Government Solutions, a division of Spacenet Inc., develops networks and communications solutions for agencies such as the Department of Defense, Homeland Security, the Intelligence community and other government agencies requiring highly secure, flexible solutions. Spacenet is based in McLean, Virginia, and operates its own end-to-end services infrastructure including network management, field services and teleport facilities in McLean, VA; Atlanta, Georgia; and Chicago, Illinois. Spacenet is a wholly owned subsidiary of Gilat Satellite Networks Ltd. (Nasdaq: GILT). Visit Spacenet at http://www.spacenet.com/