Inmarsat and Cisco Team to Deliver Advanced Services Over Global Xpress (GX), No Fiber Here!

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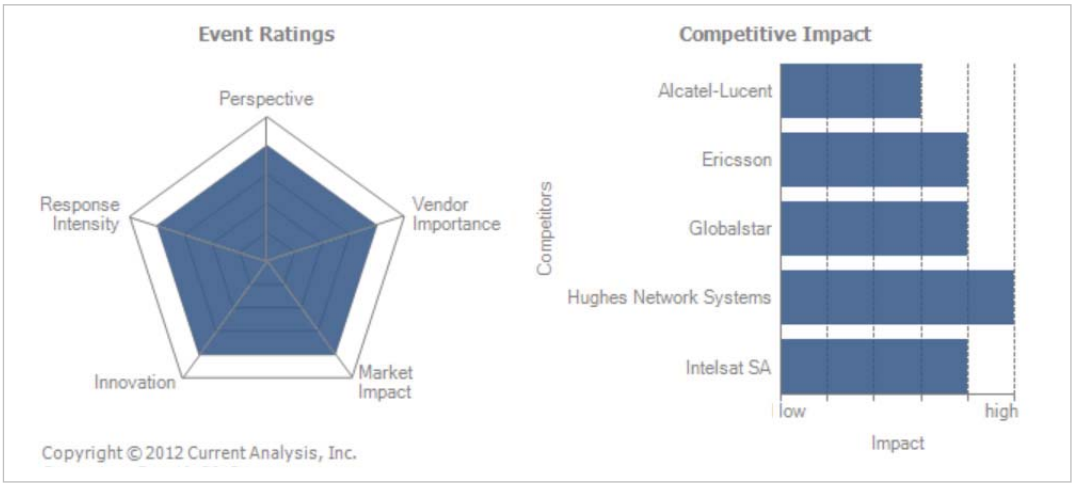
Summary

Event Summary

October 8, 2012 - Inmarsat and Cisco team to deliver video and multimedia content services over the new $1.2 billion Global Xpress (GX) satellite network. Cisco will provide its Prime Fulfillment and Provisioning technology and a new high-performance router to supply access to GX and BGAN networks. Global broadband coverage, with up to 50Mbps downlink and 5Mbps uplink speeds, will be available by 2014, following limited services in 2013. The initiative will foster a new satellite applications development environment.

Quick Take



Competitive Positives

- Expands the role of satellite services from traditional HSI and point–to-point video distribution to business oriented applications such as telepresence, on-demand video and other services.
- Cisco's Prime Fulfillment and Provisioning brings telco-like service flexibility and granularity to satellite-based services.
- Provides remote enterprise locations with advanced communications capabilities which were previously not available and/or not cost effective for wide scale use.
- Potentially provides higher HSI services to the 14/30 million American/European households and SBs who are beyond the reach of terrestrial broadband service, according to FCC reports.
- New professional services from Cisco help operators shorten time to market by leveraging existing tools and systems expertise within the vendor's organization.

Competitive Concerns

- Networks like Global Xpress need more than traditional ship board applications to make their new

services a success, expanded subscriber base is not guaranteed.

- Inmarsat will need to eventually take over the management of the Cisco Prime Fulfillment and Provisioning software systems, a skill set it will need to develop.
- Global Xpress will be competing head on with the Hughes Network Systems EchoStar XVII with JUPITER high-throughput technology; differentiation will be required to change the game to one of service differentiation.
- Inmarsat will potentially be competing with the very vendors it needs to distribute its Global Xpress services; may need to rethink its distribution channels.
- Global Xpress, if successful, could displace established satellite service revenues, thereby threatening currently lucrative revenue streams, which it would need to replace.

Analytical Summary

Perspective: Positive

• Positive on Cisco and Inmarsat's announced alliance because it proposes to deliver advanced services over the new Global Xpress (GX) satellite network, which can be leveraged to tap underserved markets such as those unreachable by fiber and even traditional microwave infrastructures. GX will be launched in 2013 at a projected cost of $1.2 billion, with full global coverage available by late 2014. The new satellites' downlink speeds will be up to 50Mbps, and up to 5Mbps over the uplink, speeds which can satisfy applications such as video, telepresence and others which will be available. Cisco is providing its Prime Fulfillment and Provisioning technology, a new access router and will build and operate the network on a fully managed basis before transferring it to Inmarsat – a BOT model. The new services will address a population segment which is currently not being addressed by traditional Telcos, and if successful, opens the door to more ubiquitous broadband services anywhere any time.

Vendor Importance: High

• High to Inmarsat, because the capabilities being proposed by the alliance will help it leverage its massive GX investment by delivering new high value applications representing new revenue streams. However, this alliance is unlikely to be the only avenue Inmarsat is taking to insure its investment in GX is exploited for a broad range of applications. Because other high capacity satellite networks coming on-line, such as the HNS EchoStar XVII with JUPITER high-throughput technology (services to begin October 2012), Inmarsat will need to establish a broad ecosystem to differentiate its offer as being much more than just a high throughput solution. The importance of the alliance is high to Cisco since it can leverage its very significant investment in Prime management technology to serve new markets, which need the same level of fulfillment and provisioning sophistication required in traditional IP core – edge and access networks. The alliance also enables Cisco to offer a new specialized access router and fuels its new professional services offer with a highly visible BOT project.

Market Impact: High

• High on the satellite-based telcom services market because the new service capabilities, which are being proposed by Inmarsat's GX network (Inmarsat-5 [I-5] satellites, supplied by Boeing), Cisco's Prime Fulfillment and Provisioning technology and the new router variant will enable the companies to deliver services to markets that previously went mostly untapped due to lack of performance, cost or flexible service offers. The offer of higher quality video services and/or high speed Internet access to remote locations should attract new subscribers to Inmarsat's services and provide incremental equipment and services revenues for Cisco. Vendors who have a history of providing satellite base stations, such as Alcatel-Lucent and Juniper, can also position themselves to leverage higher capacity satellite networks to deliver advanced services supported by their end to end management solutions.