

Local, regional or global broadcasting?

PanAmSat will soon offer broadcasters the opportunity to reach a global market via a privately owned satellite network. *ABA Update* talks to **Cynthia Dickins**, Director Market Development, PanAmSat about satellite broadcasting in the Asian region.

Q
A

Could you give me some background to PanAmSat?

As a company we have a number of firsts. When we launched our first satellite, PAS-1 in 1988 we were the first private international satellite operator. No one else was offering a service like ours, certainly no other private company. Since then we have decided to expand to a global constellation. When the fourth satellite of the series is launched later this year we will in fact have a private global satellite system, the only one in the world.

The company is a limited partnership, PanAmSat Inc. owned by Mr Rene Anselmo (our chairman and founder), family and staff. The other partner, with 50 per cent equity, is Televisia, the Mexican multi-media conglomerate based in Mexico City.

Why was Sydney chosen as the head office in Asia?

We needed to balance a few factors. Clearly Singapore and Hong Kong were considered, but the issue of post 1997 weighed against Hong Kong as well as the cost of doing business there. Similarly with Singapore, which has a very closely managed operating environment. Sydney, which was already at the high end of the list, bubbled through to the top. We had spent already a lot of time here.

We saw the infrastructure was good, the quality of life was good, and the Government seemed to be promoting Australia, and specifically Sydney, as a trampoline for integration into a regional sector and we wanted to take advantage of that. Also, Sydney and Tokyo are probably equidistant from

the geographic centre of the region, and it is quite easy and manageable to get in and out of Sydney to any of the areas. From a time-zone perspective, it is only plus or minus three hours to any of the major centres in the region, one aspect I found very difficult when we were based on the East Coast of the US!

How does PanAmSat approach each of the regulators in the areas its satellites cover?

It's pretty tricky to tell you the truth. We have to look very much to the long term view. Our customers may be based in different countries but they are generally aware of the restrictions governing provision of service. We rely on them to a certain extent.

How do you address issues of regional co-operation?

Well for us, as a satellite operator, our role is a little bit different from our customers' role. We are not a gatekeeper, but we exercise good judgement in terms of long term opportunities. For example, as our satellites have a 15 year life, relationships with governments as well as broadcasters are made keeping in mind the long term view. We don't want to go in and upset people because that doesn't help, either as an operator wishing to provide services to the country or in making business relationships with entities in that country. We choose to develop what we consider a healthy neighbourhood—one in which all the broadcasters complement each other and contribute to make the satellite work.

From the more general perspective, we believe that our customers themselves really have to make those decisions, or they will not be successful. For example, a lot of the programmers are now developing customised Asian services. NHK, one of our Japanese customers, provides an Asian service and as you would expect, they are already aware of the cultural sensitivities within the region. They've gone a step beyond that and have further customised their services and now offer a Mandarin language service to Taiwan and other Mandarin speaking populations in the region.

I think the incentive to be sensitive to





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Cynthia Dickins

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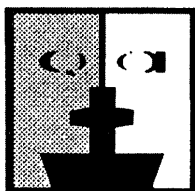
cultural realities that differ among countries is really one that has to come from the programmer or our customers themselves.

What about the issue of fortuitous reception?

I think there are a couple of reasons really that make fortuitous reception not as available as you might guess. Although the physical coverage area from all the satellites is pretty wide, from a technical perspective the programmers are now making better use of satellite capacity, for example, by using compression and encryption. So it's not as though most of the programming available

telephony and so they didn't necessarily appreciate the sensitivities of broadcasters and the types of services they require. The signatories participating in the boycott changed their minds—Peru was the first one to break ranks. We provided something that they needed and the others were quick to realise that.

By contrast, PAS-2 was launched over the Pacific Ocean in July of last year, with a healthy complement of international and Asian broadcasters already committed to the satellite as their primary distribution vehicle for all of eastern Asia. We are working on customising the PAS-2 neighbourhood to reflect the tastes of audiences in this region just like PAS-1 delivers the mix viewers want to watch throughout Latin America.



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What do you transmit other than broadcast programming?

A satellite can reflect or beam signals of any sort. We transmit signals for data, voice and television. For these three categories

now is actually free-to-air and in analog. Therefore there is not the ready exposure to a service that the Government would rather that subscribers did not see.

Are there particular characteristics about the Asian region that make it very different as far as you are concerned?

Yes, especially from PanAmSat's perspective. There are a number of things. One is that when we launched in 1988 we really could not have painted a bleaker picture—the kind of challenge our company thrives on! Not only were we the first private satellite operator but we were also the first competitor to Intelsat which was a monopoly satellite provider. When we launched the PAS-1 in 1988 we found although we had a satellite ready to provide a service we were the subject of a world-wide boycott from the Intelsat signatories. Not only were we not allowed to provide services anywhere but we didn't have a single customer.

Rene Anselmo was himself a broadcaster in the US, with a network of Spanish language television stations. As a customer of satellite operators he was very frustrated with the sorts of services that were available. PanAmSat offered a special focus on broadcasters and programmers and delivery of service. At that time Intelsat was focusing very much on

you could have anything like VSAT networks for data; thin route telephony for the more remote areas of a country; and narrowcast services or television program distribution for video. In addition there is interchange, a type of exchange of programming among the affiliated stations.

For example, the National Technological University (NTU) in the US provides course work via satellite. At a recent cable and satellite industry conference in Kuala Lumpur, they demonstrated a PAS-2 delivered service. The system worked this way: they uplinked from Colorado via PAS-I, dropped it off in California (on the US west coast) where it was picked up by the PAS-2 satellite and delivered to all the regions mentioned before—China, South East Asia, Australia and New Zealand. They could provide a narrowcast service for universities in the region who could also contribute to it. They could make arrangements to contribute programming directly from an Australian university to the other participating universities (outside Australia), not only in Asia, but also in the US.

How does Australia fit in?

Basically Australia falls within two footprints. The footprint in C-band extends from China to New Zealand and Bangladesh to the US West Coast, so it falls within a very extensive zone. Customers taking advantage of that coverage



include NHK, Discovery, ESPN, Prime, Turner, Viacom, NBC, Country Music Television, CBS and Chinese Television Network. As we speak they are already delivering their service to this extensive area. As Australia falls within the footprint, it can receive the signal. Again, none of these, with possibly one exception, provides a free-to-air service, so fortuitous reception is a non-issue.

What we would like to do is to provide a sort of trampoline for Australian programs. For example, Chinese Television Network delivers to the region but can also deliver their service to the US. We would like to see Australian broadcasters do the same thing. I think ATVI is a wonderful service. They have some momentum on the Palapa satellite for South East Asia, but PanAmSat could deliver them into the remote parts of China as well as New Zealand and the US. There are other services like that which are planned and not yet off the ground. I think we offer them an accessible, affordable springboard for this type of activity.

What are the proportions of material you transmit?

Right now probably two thirds of what we transmit is broadcasting. This relates also to the fact that broadcast applications traditionally use a lot more capacity. To transmit a video image you require a lot more bandwidth and power than a typical 'data' or voice circuit. So I think that proportion will probably stay about the same on PAS-2. About 35 per cent of our services reflect a broad range of data and voice applications, including VSAT, business communications, ship-to-shore and rural telephony.

Is it much the same proportion for most satellites?

PAS-1 transmits similar proportions, but you need to keep in mind that PanAmSat has always been focused on broadcasting. We have good relations with our broadcasters and I think we will continue to focus on our broadcasters and programmers.

What is the outlook for the Australian market?

It is really good. For example, look at the successful Australian soaps in UK—the same things that make American programming and British programming interesting to Australians makes Australian programming interesting to those audiences. I see an opportunity to take Australian production, services like ATVI, outside Australia to the region and around the world. Just look at the world-wide success of

Australian movies. Now there is the opportunity for a global Australian channel. I am sure that would be very successful—I would watch it! We are seeing other Asian customers taking advantage of this service and we would like to offer it to Australian customers as well.

I think also from the telecommunications side and narrowcast side, you will see two things. You have a very rich mixture of different ethnic populations in Australia and now with the ability of services like the one PanAmSat offers, it doesn't cost an arm and a leg to deliver a specialised channel. For example, for Chinese New Year you could bring in live coverage of the celebrations in Beijing, Hong Kong and Singapore and deliver them to the Chinese populations in Australia.

What is the outlook for the region?

I think it is full steam ahead. The exciting thing is that we are starting to see the takeoff we saw in Latin America when we first started. Initially, satellite services are thought to be a vehicle for very sophisticated and well established programmers. It seems to be really high tech and very expensive. What we have started to do here is to make our services accessible and focus on the specific requirements of the broadcasters. We tailor a product or offering for them, so a smaller provider who wants to transmit from Manila to Cebu, in the Philippines, can take advantage of the fact that the satellite covers all of the islands as well as other countries in the region. This extra exposure enables the service provider to grow. We will see the growth of broadcasting from companies originally considered domestic broadcasters, but which can become regional and international broadcasters.

And the future?

I would like to encourage broadcasters, programmers and others to think about what makes sense for them in their businesses and not be afraid to look further. Programmers and broadcasters should take advantage of the fact that they have something of value in their programming—something that is perhaps more important than their delivery mechanism.

There are many new opportunities for Australian regional programmers. I say this particularly with Australian broadcasters in mind because the quality of programming is exceptional. There is a great chance to find new audiences in Oceania, Asia, the US and Europe and we would like to take them there. □