02/15/10 11:00 AM ET

Kay Sears, President, Intelsat General Corp.

By Warren Ferster

Kay Sears, President, Intelsat General Corp. Credit: Space News photo by Rob Curtis

Enlarge Image

The U.S. government, the Department of Defense in particular, is the world's single biggest consumer of commercial satellite services, and Intelsat General Corp., the government sales division of satellite operator Intelsat, believes it has 30 to 40 percent of that market.

Intelsat General has seen its sales rise steadily in recent years, 16 percent in 2009 alone, fueled in large part by the ongoing wars in Iraq and Afghanistan and the U.S. military's increasing reliance on bandwidth-hungry unpiloted aircraft like the Predator for surveillance and reconnaissance. The Bethesda, Md.-based company recently nabbed a contract, potentially worth $542.7 million over five years, to supply the U.S. Navy with satellite capacity and solutions under the Commercial Broadband Satellite Program (CBSP).

Kay Sears, who was a senior executive with the government services division of satellite operator PanAmSat before it merged with Intelsat in 2006, says things might be slowing a bit as U.S. operations in Iraq wind down. On the other hand, Intelsat has a few things going for it, including last year's cancellation of the U.S. Air Force's Transformational Satellite Communications, or T-Sat, program, which was supposed to go a long way toward relieving the military's perpetual bandwidth crunch. The Air Force Space and Missile Systems Center, a buyer of space hardware, has since reached out to the commercial satellite operators to see what they have to offer.

Sears spoke recently with *Space News* Editor Warren Ferster.

Has the deployment of the initial Air Force Wideband Global Satcom satellites made a dent in your business?

Not really. I do think Wideband Global Satcom is taking on some of the demand that we continue to see; it just hasn't made a huge impact.

Does the U.S. government's new Future Comsatcom Services Acquisition (FCSA) contracting vehicle address the concerns your industry has long expressed about the way the government buys satellite services?

FCSA is going to be a more flexible vehicle for the Defense Information Systems Agency and therefore for the end users, but what we continue to push is really the partnership where there's an exchange of information and a plan, a strategy and an architecture that incorporates commercial and gives the operator community — those who are actually building infrastructure — some idea of how they fit in to this overall architecture.

Should the commercial operators be doing more to protect their satellite signals against jamming?

We struggle with what level of security is the right level to satisfy our customers, and I think we also struggle with making a good business case that says we should go out and invest in specific types of security like nulling on the satellite when most of our other markets don't feel that to be a major problem. So again this goes back to understanding what is

going to be our role in this architecture, what kinds of applications and services are we going to carry on our commercial satellites, and therefore how we should match the security level to those applications. We absolutely are willing to invest. But are we going to get that business if we make that investment? That's the critical piece.

Can you give me an example?

We have gone forward to the Air Force and to the Army to say, "Let us be your Predator supplier of bandwidth from now into the future." We would put up wideband Ku- and wideband Ka-band coverage to handle the Predator if we knew that was our job. So it's really important for us to understand the applications, because the applications drive the design of the satellite, the capability of the satellite.

Does Intelsat have any plans at this point to deploy Ka-band satellite capacity?

We are looking very closely at Ka-band right now. We are also looking at Ka- to Ku-band migration or Ku- to Ka-band configuration on the same satellite. So we are looking at advanced architectures, we're looking at higher throughput types of satellites and we're really trying to match the applications and what those need into our frequency planning and what we're actually going to place on the satellite.

Are you looking closely at X-band as well?

Not as closely. We prefer the partnership route for X-band right now.

There is no commercial X-band capacity over the Pacific Ocean. Doesn't the Navy have a lot of territory to cover there?

They do, and we're really pushing our partners on CBSP to cover those areas in the future.

How big is the hosted payload opportunity right now?

As the budget gets increasingly difficult for government agencies, hosted payload becomes a more attractive way of solving some of their problems. I think where hosted payloads is resonating the most is with problem solvers in the government that don't want to do it the old way and run into serious acquisition problems and take 10 years from requirements to launch. They need solutions, they need them rapidly and they need them cost-effectively.

Are there any near-term hosted payload opportunities?

There's still a huge UHF shortfall. The Mobile User Objective System is coming — it's a little bit delayed — but even after the system is launched there are predictions that legacy UHF will continue to be an enduring requirement. We believe there is still a great deal of demand and a UHF hosted payload is still a very real possibility.

There likely will be instances in which a hosted-payload arrangement closes the case for building a satellite. How does the satellite operator protect itself against the government changing its mind?

We would be seeking some type of cancellation fee if the government were to pull out in the middle of a hosted payload deal. The other thing that we worry about obviously is the delay that might be created by the hosted payload. That's another timing issue that's very important for us because we have to replace our satellites with precision and so you can't have a hosted payload that would cause too much delay. But if you look at that from the flip side, it's actually a huge selling advantage because what we're selling to the government with a hosted payload is the discipline in getting that launched on time and on budget. So not only is it a firm fixed price, but it's got a firm schedule.

Space situational awareness seems like an obvious hosted

payload opportunity. Is there anything percolating on that?

It's a mystery to me why this has not gone further than it has, it really is. It is a no brainer to put space situational awareness sensors on commercial satellites. You could build a geo fence in less than a few years if you did that. I'm not sure if they don't know what they want to fly, they don't know how they're going to get the data integrated into the Joint Space Operations Center — it's a mystery to me that we are not further along in this area.

Has business with U.S. Department of Homeland Security materialized the way you expected four or five years ago?

It really hasn't. We continue to find more success working directly with some of the Department of Homeland Security agencies like Customs and Border Protection. The Department of Homeland Security has really not become a cohesive buyer of satcom.

Are there any other commercial satellite services procurements on the near-term horizon?

I think we'll be spending most of our year highly focused on FCSA. Probably the end-to-end services portion will be similar to a very large proposal effort like CBSP. We also hear there could be a diplomatic network that's going to be re-competed in 2010, so we're keeping our eye on that, and there is a Customs and Border Protection effort as well.

What was your reaction to the Space and Missile Systems Center's request for information from commercial satellite operators?

That's the first time Space and Missile Systems Center has really reached out to the commercial community, and we were really pleased to be asked to comment on that. We obviously emphasized some of the things hosted payloads could do, but we also talked about how we could augment this wideband communications issue and the high-throughput demands that the military has. Right now you've got your Wideband Global Satcom, but how do you augment that?

Do you think it's going anywhere?

I do. I think they were very pleased. They got some 21 responses I think from industry, and they were really excited about some of the ideas.

The Pentagon in recent years has drawn funding for its commercial satellite services largely from supplemental appropriations. Do you see that changing anytime soon?

The Department of Defense has been encouraging the services to put into their program objective memorandum money for commercial leasing and some like the Navy have created specific programs and put the funding behind those programs. I'm not sure that all the services are doing that. I think there is still a heavy dependence on supplemental. And that's going to be a problem.