

Broadband Satellite: Coming of Age?

Written by Australian Business

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Reportbuyer.com just published a new market research report:

Broadband Satellite: Coming of Age?

This SPIE will briefly examine the state of the broadband market. It will examine the state of the satellite broadband market and look at what new generation satellites bring to consumers.

Introduction

When one thinks of broadband access, one generally thinks in terms of cable MSO- or telco-provided services, either through a cable modem or DSL. Yet, there has quietly been evolving a third option for broadband access: satellite.

While broadband over satellite is generally thought of as a last resort, it has benefitted from a new constellation of communications satellites that not only deliver higher bandwidth per user, but can do so with a wide footprint. Satellite, once considered inferior to any terrestrially-delivered broadband, is now far superior to dial-up, and is pushing DSL in absolute transfer rates.

This wider footprint of satellite service is important since broadband access growth has been slowing in the United States; due largely to the fact that many rural areas have problems connecting to broadband delivered over terrestrial means. Currently, there are an estimated million subscribers to cable, DSL, fiber, or satellite.² Frost & Sullivan estimates the total consumer broadband market is growing; however it is at a slower rate than in previous years. In order to grow the rural market, a way to deliver broadband that does not require large investments in cable or wireless infrastructure is needed. Satellite provides that solution.

In the United States, the FCC is charged with developing plans to connect most Americans to broadband by 2020. Although this effort has resulted in a reduction of the number of Americans without broadband, there are still million that are not connected. Satellite broadband service could provide access to almost everyone in the United States, so why haven't those million adopted broadband services?

Consumer perception is one reason why satellite broadband has not gained significant traction in the market. Hesitation about subscribing to satellite services includes perceptions of restricted speeds, excessive latency, non-competitive prices, and restrictive data caps. In spite of satellite carrier efforts to address these perceptual issues, it is not clear that this will be sufficient to overcome market bias.

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Influence of Broadband

The United State's broadband market is one of the healthier markets in the consumer communication services space. Broadband has become an important service to consumers because of the access it provides to such services as online classes, multiple forms of communications, e-commerce, healthcare, banking, and real time news 24/7.

Broadband is so popular that it has had an impact on the subscription rates for other communication services. For example, there are indications that consumers are 'cutting the cord' and cancelling their TV service in favor of video over broadband only. With broadband services, consumers are able to view most TV shows online for free, the next day or one week

after original airing. Furthermore, over the top (OTT) companies such as Netflix, Hulu, Amazon Prime, and VUDU give access to TV series, movies, and documentaries. Sports coverage has been the main video content that consumers miss when cutting the cable cord. However, as the last Olympics coverage demonstrated, it is possible to access live sports content, in some situations, over broadband.

Broadband access over landline has also been an important backstop to wireless data services, where data caps have limited subscribers' ability to stream video and other high-bandwidth content. Using a broadband connection and a wireless router, consumers can enable streaming when located at home or within range of a public Wi-Fi hotspot.

As a consequence of the utility of broadband access, market demand has been relatively high; but, as noted above, this demand is now starting to run into constraints imposed by the cost of expanding broadband infrastructure.

Satellite Broadband Providers

Unlike telco or cable MSO providers, there are only a few providers of satellite broadband access in the United States. These are ViaSat, EchoStar, and dishNET. Although, by virtue of the fact that they provide service using satellites in geosynchronous orbit, and therefore theoretically compete directly with each other, in practice, they cover different areas with their emitters, and have different service areas.

ViaSat (Exede Internet and WildBlue)

ViaSat is a leading technology innovator in satellite communications. ViaSat partners with WildBlue as a technology supplier for ground network. During their partnership, ViaSat has invested in building a high capacity communications satellite constellation, leading to its outright acquisition of WildBlue to help support its vision. In the beginning of 2012, ViaSat launched ViaSat-1, and introduced its new service, Exede Internet. As of June 2013, ViaSat had subscribers—a percent increase year over year.³ ViaSat recently announced that it is working on a new satellite that will be launched in 2016, called ViaSat-2. The new satellite is expected to increase bandwidth and footprint.

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