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## War Boosts Popularity Of Satellite Telephones

By Christopher Stern,  
Washington Post Staff Writer  
Tuesday, November 20, 2001

Ismael Khan, a Northern Alliance commander who heads an army of 4,000, was preparing to dislodge a group of Taliban fighters from the strategically important city of Herat last week when his satellite phone rang. It was a journalist calling, wanting to confirm a rumor that Kahn was about to enter the city.

Three minutes later, the Reuters reporter posted his scoop that Kahn, also known as "the Lion of Herat," was set to retake his hometown.

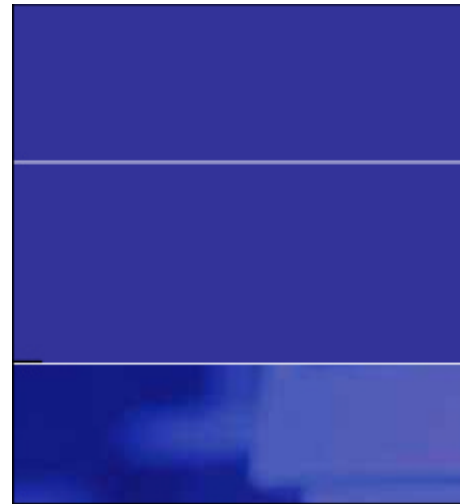
Andrew Marshall, a Reuters staff writer who roams some of the world's most remote regions for the wire service, said a new generation of relatively small, lightweight satellite phones have allowed him to report stories in ways that would have been too cumbersome to manage just five years ago.

"In the days before [handheld] satellite phones, Afghanistan would have been a black hole for news," Marshall said.

Stories of such successes are drawing new interest to an industry better known for its bankruptcies than its technological successes. Long considered an expensive, bulky alternative to land-based wireless satellite phones are enjoying something of a renaissance since the terrorist attacks and amid the war that followed.

Satellite phone retailers report a sharp uptick in business from journalists and hum

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groups preparing to travel to Afghanistan. They also are hearing from local govern want to establish a backup to local wired and wireless networks, after seeing those damaged or clogged with calls during and immediately after the attacks. The milita already one of the satellite phone industry's biggest customers.

But analysts say it is far too early to tell whether the new demand for satellite pho rescue an industry buffeted by financial troubles.

Just last week, Globalstar LP, one of the two main providers of handheld satellite j announced it would be filing for bankruptcy protection after struggling for months restructure debt related to its \$3.3 billion start-up costs. Its main rival, Iridium Sate had to shut down commercial service for a year. It emerged from bankruptcy last y group of investors acquired assets once valued at \$5.5 billion for just \$25 million.

Hershel Shosteck, a Wheaton-based industry analyst, said the financial difficulties Iridium and other companies was caused by a classic case of "tech-tosterone," a ter for investors and engineers who allow their new technology to get ahead of their b models.

Early backers, including established players such as Motorola Inc., failed a decade anticipate how popular cellular phones would become by the end of the 20th centu according to Shosteck. Widespread deployment of less expensive and more reliabl phone service to all but the most remote and undeveloped areas of the world has le companies such as Iridium and Globalstar with a core customer base of only about people, Shosteck estimated.

Gino Picasso, Iridium's chief executive, said the Arlington-based company needs a 60,000 customers to break even; the previous owners once predicted they would si 500,000 subscribers in their first year. Picasso declined to disclose how many cust Iridium had lined up so far, but said there should be more than enough demand for

"I can hardly believe we can't find 60,000 people on a worldwide basis," Picasso s

Competition for those customers will grow more heated in 2003 when ICO Global Communications, another handheld-satellite-phone company, launches its service.

Satellite phones are not priced to compete directly with regular mobile phones. Inc units, which are slightly smaller than a World War II-era walkie-talkies, are priced than \$1,000 and airtime can cost as much as \$1.49 per minute. Monthly bills can a several thousand dollars. For advanced services, which include the transmission of sound, fees are often more than \$7 a minute, generating monthly charges of up to \$

Despite the costs, the technology is alluring to certain global travelers and others v isolated areas beyond the reach of traditional telephone networks.

The satellite phone first gained popularity during the Persian Gulf War in 1991, w broadcasters stationed in Kuwait used them to send words and pictures home. Sinc satellite kits capable of sending text, sound and video have shrank from the size of trunk to the dimensions of a laptop computer.

Currently, Globalstar and Iridium are offering handsets that are even smaller. A th Thuraya Satellite Telecommunications Co., based in the United Arab Emirates, als service throughout the Middle East and Asia.

One of the reasons Iridium and Globalstar can offer smaller handsets is that the ph only get calls to and from satellites that are much closer to Earth than previous sate systems. The two companies maintain constellations of dozens of satellites orbitin several times a day at an altitude of less than a 1,000 miles.

The original satellite phones had to be larger because they needed to send calls to 22,000 miles above the planet. With the old system, there was also a longer delay l when a call was sent and when it was received, because of the greater distance the travel.

An Inmarsat phone is about the size of a laptop computer, but it is capable of trans higher volume of data — even moving video images — making it a more desireab television broadcasters and others.

For some world travelers, the low-orbit system of Iridium and Globalstar has provi problematic.

J. Michael Fay carried an Iridium phone during his 1,200-mile trek across central / National Geographic Society. It turned out the phone had difficulty picking up a si thick forest canopy. Iridium's service, like others, depends on a line-of-sight conne between the phone and the satellite, making any obstructions a potential hazard. In conversations would be difficult enough but Fay found that the satellites would pa holes in the foliage so quickly that even outdoors he was limited to conversations ( minutes — or none at all.

Fortunately for Fay, his porters carried a more powerful Inmarsat system as a back sleek Iridium phone is now on display at the National Geographic Society's exhibi an accompanying explanation that it stopped working part way through the trek.

In addition to land-based subscribers, both Iridium and Globalstar plan to branch c nautical market dominated by Inmarsat. Globalstar recently announced a contract t phone on each ship in the Italian navy and Iridium is unveiled a new device that ca service on airplanes.

Shosteck and other analysts say the companies have about seven years to build a r making business before it is time to launch a second generation of satellites.

But business is going to have to improve quite a bit for satellite phone retailers suc McKinley, the owner of Nashville-based Outfitters Satellite Inc.

Until Sept. 11, most of McKinley's customers were bush pilots, missionaries and a executives heading out on exotic fishing trips or safaris. But since the terrorist atta United States, McKinley has been signing up about 100 new customers a month — percent increase in business.

McKinley is pleased with the business but he has his doubts about satellite phone

McKinley is pleased with the business, but he has his doubts about satellite phones: widely accepted, largely because of their higher operating expense compared with cellular phones.

"You would not be using one if you have any choice," McKinley said.

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