

# The evolution of the Digital Ship

Maritime information technology market  
developments in 2016

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*Editor, Digital Ship*

**Digital Ship**

# Digital Ship

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www.digitalship.com

## Maritime satcom revenues continue to climb in difficult market

While the merchant shipping sector continues to struggle in an unhelpful economic climate, the maritime satellite communications market is prospering - with combined annual satellite operator and service provider revenues climbing into the billions

A new report from multiple sources has estimated that the value of the maritime satellite communications market has reached almost \$1 billion in annual revenue at the satellite operator level, and is rising to an \$1.7 billion annual revenue at the service provider level.

Specifically, the Transport for Maritime Satellite Communications report says that in 2015 the maritime market of approximately 700,000 satellite-circuit hours will reach the operator revenue, and \$1.7 billion service provider revenue. With a growth rate of 15 per cent to 20 per cent and revenue predicted over the next five years, that translates to the satellite operator revenue will reach \$1 billion by the end of 2016, and service providers will generate \$1.7 billion annually before the end of 2016.



Continued growth for satellite operators is just one example cited by ITC Global from April to 2016. P&O Ferries, Lloyd's Register, and other operators have seen revenue increase a few years ago. Even though some operators have not agreed to the most majority of a ship's consumption, maritime satellite operators are increasingly becoming interested in Big Data applications that require operational efficiency. As a result, the number of VSAT terminals on the market grew by 8 per cent in 2015 to reach more than 700,000 active operational terminals as predicted.

A bid at ITC Global's, Roy and Michael equity was used for maritime VSAT business, compared to

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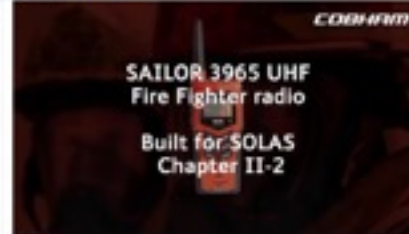
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### Maritime Satellite Communications

#### Fleet-wide ITC deal for Zeaborn Group

Thursday, 24 November 2016 10:06

The Zeaborn Group has agreed a deal with Pronautas to supply a complete IT and communications system to all of the vessels in its fleet, including Sealink VSAT connectivity and the XChange platform from Marlink, dual ECDIS, and Pronautas' ship-board virtualised client server system.

Satcom Global launches Ku-band VSAT service  
KVM reports expanding use of IP-MobileCast service

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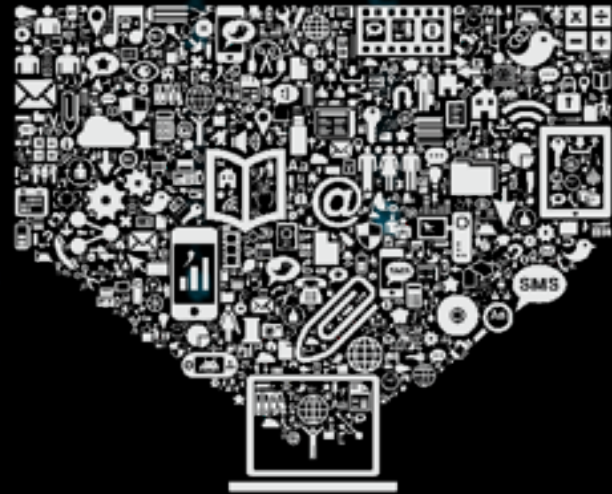
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# What is a Digital Ship?



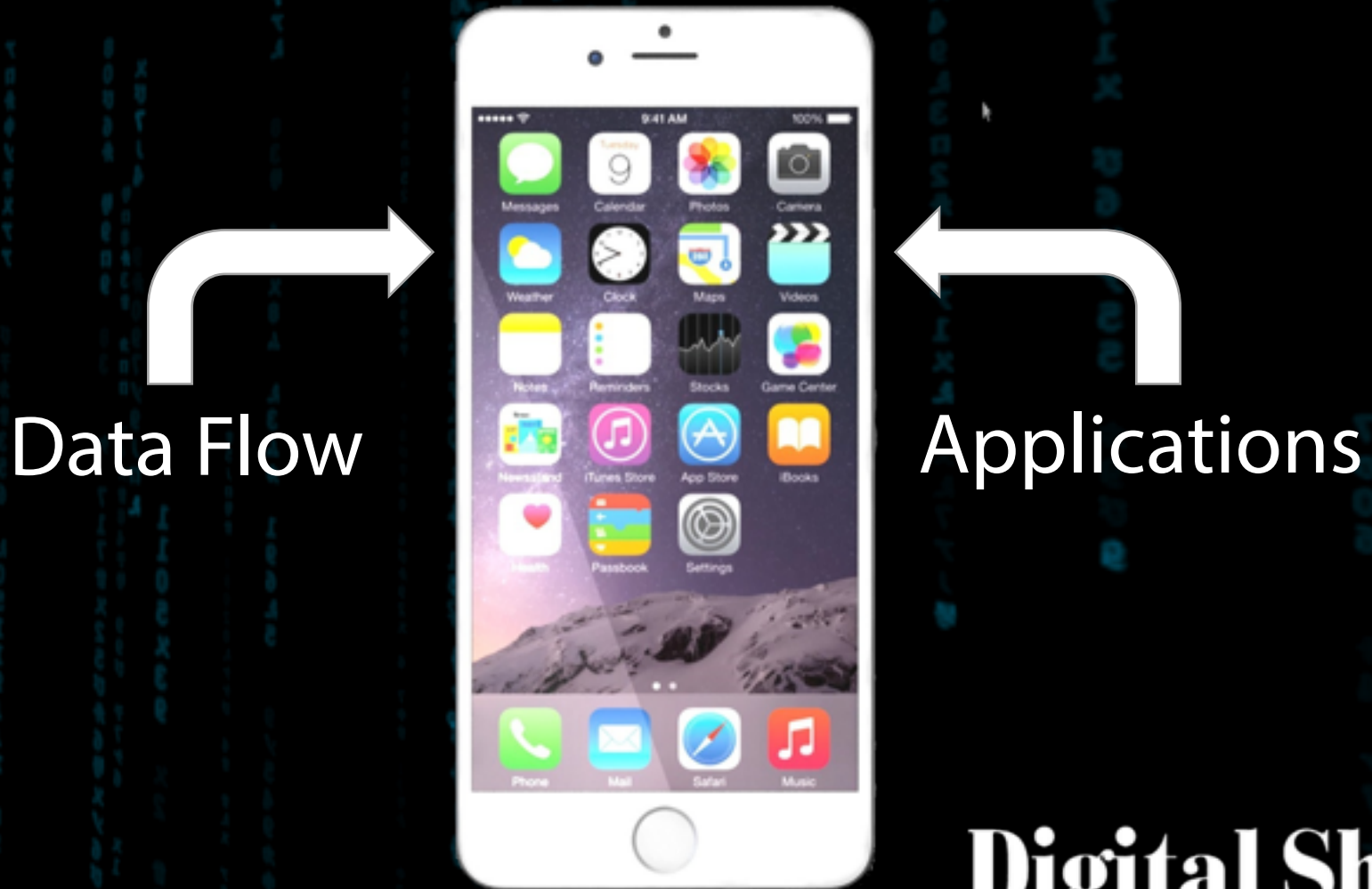
VS

- What's happening on my ship?
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# What is a Digital Ship?



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What kind of progress in  
maritime satcom have  
we seen in 2016?

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## Albus commercial satcoms sold to Apax Partners

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- software
- electronics and navigation

Unlock the Potential of Internet On Board

# Digital Ship

## Epic era begins

Epic era begins

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## MOL launches Big Data trial

MOL launches Big Data trial

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## Global Eagle Entertainment buys EMC for \$550m

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## Fleet Xpress boosted by summer deals

Fleet Xpress boosted by summer deals

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## VSAT deals for 140 Teekay and MOL LNG ships

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## Flat panel maritime satcom antennas move closer

Flat panel maritime satcom antennas move closer

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## Maritime satcom revenues continue to climb in difficult market

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# Digital Ship

# Significant trends:

- Growth in maritime VSAT – capacity and user base
- Mergers and Acquisitions – consolidation and cross sector diversification

# Growth in maritime VSAT

March - Epic era begins

## Epic era begins

Intelsat has successfully launched the first in its EpicNG series of high throughput satellites, adding tens of gigabits of capacity for vessel traffic between Europe and the Americas. With a second launch scheduled in a matter of months, the availability of maritime broadband is set to change in a big way

The maritime communications revolution is well and truly gathering pace, with Intelsat completing the successful launch of the first in its EpicNG series of next generation high throughput satellites, promising to offer a massive increase in capacity for major shipping routes over the next couple of years as the fleet of spacecraft is put into orbit.

The Intelsat 29e satellite was launched from French Guiana aboard an Ariane 5 vehicle and signal acquisition was reported as confirmed shortly afterwards. Manufactured by Boeing, Intelsat 29e will bring high throughput capacity in both C-band



Intelsat 29e, the company's first Epic satellite, was successfully launched in January. Photo: ESA

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# Growth in maritime VSAT

March - Epic era begins

June/July - Telenor Ka-band satcom service is made commercially available

## Telenor Ka-band service now commercially available

[www.telenorsat.com](http://www.telenorsat.com)

Telenor Satellite has announced the commercial availability of services on its THOR 7 Ka-band satellite.

The Ka-band payload offers high-throughput regional coverage over major European shipping lanes, with Telenor Satellite noting that it can serve about one-third of world shipping traffic within the THOR 7 coverage area.

Since the commercial handover of the THOR 7 satellite in June 2015, Telenor Satellite says that it has been carrying out a testing programme prior to this commercial launch.

The final testing phase involved 18 customers running sea trials on about 30 vessels, in sectors including yachting, tankers and ferries, with up to 50 remote terminals testing the service at various points under THOR 7's footprint.

Ships tested the service in the 18 main beams that will be used for maritime traffic, with terminals connecting in 21 out of the 24 total available during the test phase.

One of the test ships, the Color Line passenger vessel Color Fantasy, recorded a 618 Mbps download speed from the satellite in an Ookla test on board the ves-

"Telenor Satellite's THOR 7 Ka-band mobility service has been designed specifically for the maritime market, providing the reliability and availability our customers expect at sea."

One somewhat surprising new customer already signed up for THOR 7 is Inmarsat, which has agreed a deal to acquire Ka-band capacity from Telenor Satellite to supplement its own Ka-band Global Xpress coverage in Northern Europe.

Speaking during Inmarsat's Q1 earnings call, Inmarsat CEO Rupert Pearce confirmed that a deal was in place to procure what he described as "substantial" Ka-band capacity on THOR 7.

"It's an ideal satellite for us to use to

integrate. Its relatively open architecture into GX. Other Ka-band networks could be very, very difficult to do that and require very substantial investment, essentially creating parallel structures alongside each other so that the beams themselves aren't interoperable; they just operate in parallel alongside each other," he said.

"We're very happy with the prospect of partnering with Telenor around this Ka-band capability, which has been built and developed with integration with Global Xpress in mind, because we use a common technology base."

In a statement to Digital Ship, Telenor Satellite also confirmed that it had signed a contract with Inmarsat for the supply of capacity and related services on THOR 7, which is "subject to satisfactory completion and testing of the technical solution provided by Telenor."

The anticipated start date for Inmarsat to start using this capacity and related services will be in the second half of 2016.

"This contract will provide enhanced connectivity for Inmarsat over the North Sea region and represents a small percentage of the total capacity available on Telenor's THOR 7 Ka-band platform," the compa-



THOR 7 prior to launch in 2015

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# Growth in maritime VSAT

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June/July - Telenor Ka-band satcom service is made commercially available

June/July - SES adds maritime Ka-band VSAT service

## SES adds maritime Ka-band VSAT service

[www.ses.com](http://www.ses.com)

SES has unveiled its first regional maritime Ka-band service, which will be offered under the SES Maritime+ brand to customers operating in Europe.

This new service for the maritime and inland shipping mobility sector will use ASTRA 2E's and ASTRA 2G's Ka-band beams to provide satellite communications to the maritime industry.

The new Ka-band service will be launched in Q2 2016 and combines SES Ka-band spot-beams, E-PAK's DS19 maritime antenna and Gilat Satellite Networks' broadband technology.

The offering is based on SES Techcom Services' Astra Connect solution and will

provide coverage over Europe, including the North Sea, the Irish Sea and inland waterways. It will target customers such as offshore wind farms, inland shipping companies, and supply ships for oil platforms.

"Our new offering for the mobility market is a highly cost-effective maritime Ka-band service, which is designed to deliver communications on the move and allows a wider range of customers to profit from maritime connectivity," said Norbert Willems, commercial vice president at SES Techcom Services.

"Providing connectivity at sea has become increasingly crucial. This new service not only meets this need, but also does so economically, thanks to the attractive price per megabit of our Ka-band offering."

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August/September - Fleet Xpress boosted by summer deals

## Fleet Xpress boosted by summer deals

With full global commercial service introduction having only come online in the second quarter of 2016, Inmarsat's new Fleet Xpress service has received a major boost through the announcement of two new contracts and, more significantly, major sales commitments from some of its main VSAT rivals

Inmarsat has announced that it has signed up two new customers for its Fleet Xpress (FX) service during summer 2016, shortly after securing commitments from Ku-band service providers Marlink and SpeedCast to bring some 4,000 ships on to the Ka-band system over the next five years and prior to a further deal with Navarino promising to add a further 1,200 ships on FX.

Inmarsat partner JSAT MOBILE Communications has signed an agreement with Mitsui O.S.K. Lines (MOL) to introduce Fleet Xpress across the majority of its car carrier fleet, while



The Aquamarine Ace, one of the MOL vessels soon to be fitted with Fleet Xpress

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August/September - Fleet Xpress boosted by summer deals

August/September - The silver anniversary of maritime VSAT



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# Growth in maritime VSAT

October - VSAT deals for approx. 200 Teekay, MOL LNG and Reederei NSB ships

## Reederei NSB agrees fleet VSAT deal

[www.marlink.com](http://www.marlink.com)

NSB Niederelbe Schiffahrtsgesellschaft (Reederei NSB) has agreed a deal with Marlink to roll out fully managed VSAT services to its entire fleet of more than 50 vessels, including connectivity and selected related applications.

Marlink says that crew welfare was a key component of the contract, and that Reederei NSB seafarers will be provided with internet, phone, social media and messaging services as part of the 5GB data allowance per vessel.

Access will be managed via the Marlink XChange communications management system, which will be installed on board all of the ships, and the vessel e-mail systems will be migrated to Marlink's SkyFile Mail.

Reederei NSB crews will also be among the first users of the new XChange Media

securing operational efficiency and business sustainability using an integrated package of solutions," said Tim Ponath, managing director of Reederei NSB.

"Our vessels already provide a comfortable environment for crew members to work and live in, but it is important for us to continue to meet the changing requirements of our people. Marlink is helping us to do this."

News of the deal came shortly after Marlink announced that it was doubling the burst speed on its Sealink VSAT services (from which Reederei NSB will benefit), enabling up to 3 Mbps for users on its data allowance packages as well as adding new 40, 60 and 80 gigabyte data allowances.

The Sealink Allowances can be used to combine up to four voice lines with eight data allowance plans, which now range from 1 GB up to 80 GB per month.

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# Growth in maritime VSAT

October - VSAT deals for approx. 200 Teekay, MOL LNG and Reederei NSB ships

October - Second Intelsat Epic satellite successfully launched

**Second Intelsat Epic satellite prepares for service**

The launch of Intelsat's 33rd EpicNG satellite in August will significantly boost the bandwidth available on major shipping routes across the globe when it goes live early next year. Digital Ship spoke to Intelsat's Chris Insall about the Epic impact on the maritime sector

Intelsat 33b, the second of seven planned Intelsat EpicNG high-throughput satellites, was successfully launched from French Guiana aboard an Ariane 5 launch vehicle on August 31, with the Boeing-manufactured satellite set to bring high-throughput capacity to both C- and Ka-band to the Africa, Europe, Middle East and Asia region from IPTV in the first quarter of 2017.

This additional coverage will integrate with that provided by Intelsat 26, the first Intelsat EpicNG satellite, which was launched in January 2014 over the Americas and North Atlantic Ocean region. The two satellites will together cover a range of major shipping routes from the Americas through Europe and into Asia.

Once the duo goes live Intelsat expects the additional bandwidth and network capabilities enabled by the new technology to quickly roll out and used across the satellite operator's service provider partners.

"The roll-out is very early in the nature of maritime VSAT that a significant portion of business is governmental and services over the satellite is operational. There will be further improvement across governmental ground hardware components, but we think take up by these customers should be pretty quick once the satellite is operational."

"There are new capabilities that have not been realized over the Epic, without a change in hardware. There's a process whereby the service providers define and deploy that new capacity and we see what it can offer their customers. That's quite a quick process, and something we designed as far as possible to be seamless. We'll define that extra bandwidth into the network and that can be rolled out by the service provider as needed."

So far, the company has reported some impressive numbers for performance of the Epic network on the 26, which is currently carrying traffic from the Americas, Western Europe and on North Atlantic trade routes.

Since it began commercial operation in late March 2014, the first Epic satellite has provided a 100 per cent efficiency improvement on existing networking hardware, and a 100 per cent efficiency in Europe and Asia both in the coverage for the Americas and Atlantic provided by Intelsat 26. And going forward, additions of Epic satellites will continue to roll out a service to meet global shipping requirements, including the Intelsat 33b satellite, which will provide service in the Pacific from 2017 in collaboration with our operator partner, INAT."

"That's when we will have complete global coverage of Epic on shipping lanes. We also have the four other Epic satellites in development, they will overlap in areas of high demand to provide even more capacity for the time satellites will launch giving a global NTN coverage by 2018, and four more that, as demand grows, allows us to deliver in those areas."

In the commercial maritime sector that combination of global coverage will follow the increasing trend in deployment of VSAT, which is expected by most analysts to continue to grow as double digit rates in the near term.

"For many years these communication operations have been capped due to the limitations of L-band, but that wave is changing now with VSAT. Research that most shipping companies continue to face. One of the main drivers that Intelsat expects to fuel this surge in satellite traffic will be the application of Big Data and Internet of Things technologies in shipping, as operators strive to make their work work better in an efficiently as possible."

"In the commercial shipping sector continues to mature, we do see the concept of reaching operational service around the operator's vessel data - and utilizing the huge value of that data through analysis - taking certain steps." We Insall told us.

"We have good insights from the maritime operators coming as recently commissioned - in the next year of operation around a third of those surveyed intended to implement data analytics including emissions and efficiency monitoring. So it is increasing cost reduction, achieving increased efficiency was the second most important reason cited for upgrading vessel systems."

"Of course, the secondary value of ICCM continues over the next two years including the benefits of all existing cargo vessels. And at the same time, we see much

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## Maritime satcom revenues continue to climb in difficult market

While the merchant shipping sector continues to struggle in an unforgiving economic climate, the maritime satellite communications market is prospering – with combined annual satellite operator and service provider revenues climbing into the billions

A new report from analysts Euroconsult has claimed that the value of the maritime satellite communications market has reached almost \$1 billion in annual revenue at the satellite operator level, and is closing in on \$2 billion in annual revenue at the service provider level.

Specifically, the 'Prospects for Maritime Satellite Communications' report says that in 2015 the maritime market of approximately 338,000 terminals created \$953 million in satellite operator revenues, and \$1.7 billion for service providers.

With a growth rate of 5 per cent in terminals and revenue predicted over the next ten years, that would mean that satellite operator revenues will surpass \$1 billion by the end of 2016, and service providers will pass \$2 billion annually before the end of 2018.



Combined revenues for satellite operators and service providers should hit \$3 billion from maritime in 2018. Photo: Tony Webster, Creative Commons 2.0

main driver a few years ago. less than 2 Gbps in 2010, according to the report. Even though crew communications still represents the vast majority

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# Growth in maritime VSAT

In short:

- Gigabits of additional satellite capacity are available to maritime – shifting Supply v Demand
- Installation of maritime VSAT is accelerating – and providers are betting billions on further growth
- So – whatever you're paying for satcoms now, you should be getting more for your money in the near future

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# Mergers & Acquisitions

Jan/Feb - Airbus commercial satcoms sold to Apax

## Airbus commercial satcoms sold to Apax Partners

After protracted negotiations, Airbus Defence and Space has agreed a deal to sell back its commercial satcoms business to Apax Partners, from whom it originally purchased Vizada in 2011

Airbus Group has announced that it has signed an agreement with French private equity firm, Apax Partners, for the sale of 100 per cent of its commercial satellite communication business, including direct sales arm Marlink and all reseller contracts.

The final closing of the transaction based on this share purchase agreement (SPA) - subject to regulatory approvals - is expected to take place in the next few months. The cost of the transaction has not been disclosed.

Airbus Defence and Space announced in September of 2014, following an assessment of its business strategy, that it had defined military aircraft, space, missiles and related systems and services as its future core businesses.

As such, its commercial satcoms business, including services to the maritime industry, did not fit these strategic goals.

The maritime and land commercial satcom business has a presence in 14 countries across Europe, Asia, the Middle-East and the Americas, with a distribution network of approximately 400 re-sellers worldwide.

The deal represents a significant turnaround for Airbus, which had highlighted growing demand for maritime satellite services as a significant driver for its original purchase of Vizada, describing the market as "a perfect cornerstone for Astrium to

overall revenues not enough to convince management that commercial satcoms should be a core focus.

### New VSAT contracts

As it to demonstrate the ongoing solid performance of its maritime business over the course of these discussions, Airbus Defence and Space announced a wide range of new VSAT contracts and system deployments towards the back-end of 2015 which will carry over to Apax following the acquisition.

Among them is BP Shipping, which has agreed a new global multi-band VSAT deal with Marlink covering its entire tanker fleet.

Under the new contract, Marlink will deliver primary communications capabilities to the BP ships via its Sealink VSAT service, and also include an L-band back-up service.

BP Shipping was one of the first operators to adopt mar-



Apax has agreed to buy back part of the Vizada business sold in 2011

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# Mergers & Acquisitions

Jan/Feb - Airbus commercial satcoms sold to Apax

June/July - GEE buys EMC for \$550m

## Global Eagle Entertainment buys EMC for \$550m

Another major maritime satcom acquisition has been announced, with Emerging Markets Communications set to be taken over by aviation connectivity and media delivery specialists Global Eagle Entertainment, in a deal worth half a billion dollars

**G**lobal Eagle Entertainment (GEE) has signed a definitive agreement to acquire Emerging Markets Communications (EMC), a provider of communications services to maritime and other mobility markets.

The combined company will offer global satellite-based communications and media content to both the maritime and aviation markets, as well as selected land-based sectors.

Under the agreement, GEE will pay \$550 million for EMC in cash and shares, with payments to be spread between this year and 2017. EMC is projected to reach \$190-200 million in 2016 revenue, with \$55-65 million in



*The combined company will serve some 1,600 vessels*

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# Mergers & Acquisitions

Jan/Feb - Airbus commercial satcoms sold to Apex

June/July - GEE buys EMC for \$550m

June/July - Panasonic begins maritime play

## Panasonic begins maritime play

<http://maritime.panasonic.aero>

Panasonic Avionics Corporation (Panasonic) has announced that it is to begin offering its broadband communications and digital entertainment services to passenger vessels across the maritime market.

Panasonic already delivers communications to a range of mobility markets via its Ku-band network, which it says covers more than ninety-eight per cent of maritime traffic routes.

"Panasonic, in close cooperation with ITC Global, is dedicated to delivering the best in digital entertainment and enterprise quality broadband communications to the maritime industry," said David Bruner, vice president, global communications services at Panasonic Avionics.

"We believe our network strategy sets a new standard in connectivity across a wide range of markets including yachts, river

cruises and other passenger vessels."

In February, Panasonic announced multi-year contracts with satellite fleet operators, SES and Telesat, for high-powered HTS spot and wide beam Ku-band capacity to supplement its existing HTS capabilities and cover customers across the US, Canada, Mexico and the Caribbean, as well as the Mediterranean, Europe and the Middle East.

Over the next few years the company says that the network will continue to evolve as it rolls out extreme high-throughput (XTS) capacity in the densest of traffic areas - across North America, Europe and Asia - where these regions will be seeing multiple gigabits of capacity.

Panasonic's maritime entertainment options will leverage the experience gained in delivering approximately 8,000 inflight entertainment systems to global airlines, to make the same entertainment platform available to the shipping market.

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# Mergers & Acquisitions

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Aug/Sept - Summer of love for maritime IT marriages

## Summer of love for maritime IT marriages

The summer of 2016 has seen a slew of new maritime IT relationships consummated through a variety of acquisition deals, with some substantial cash changing hands for businesses in various shipping technology sectors

**Amid the rush of acquisitions reported during the summer of 2016 that are likely to impact the maritime IT ecosystem, the most cash-rich deal to date was the purchase of OIB from satellite operator SES, a supplier to a number of major VSAAT providers to the shipping sector.**

SES offers to acquire all the shares of OIB, was completed on 1 August 2016, after the company reached agreement with shareholders and passed the necessary regulatory approvals.

The satellite operator agreed to pay US\$250 million to directly increase its ownership of OIB from 49.1 per cent to 100 per cent, using proceeds from the company's recent equity raising to finance the deal.

OIB's reported annualised revenues per satellite range between US\$62 million and US\$66 million. SES says it expects to generate an additional \$20 million of annual synergies in 2017, increasing to \$28 million annually by 2021.

SES also aims to consolidate US\$1.2 billion of OIB debt and aims to restructure it to reduce annual costs.

"Moving to 100 per cent of OIB will be highly accretive to SES, both from a strategic and economic standpoint, in addition to expanding SES's investment horizons, sales, full consolidation accelerates the delivery of important transformational and enablement synergies that are only possible with 100 per cent ownership," said Karim McElwain, SES CEO and Chairman of SES.

**Marlink and Telemar**  
Playing in the satellite space, Marlink has also announced a deal to take over the business of maritime satellite provider Telemar Group, with Marlink owner Apax Partners the leading worldwide servicing company who will be the partner of choice to enable the digital transformation of all our maritime clients."

**SpeedCast and WINS**  
Another new maritime satellite marriage came to light shortly after the announcement of the Marlink and Telemar deal, with SpeedCast confirming its acquisition of WINS Limited (WINS), a Europe-based provider of satellite communications and IT systems for the maritime sector and part of the Euclid Group.

SpeedCast will acquire WINS's 70 per cent stake in WINS for a consideration based on a total enterprise value of approximately \$40 million.

WINS provides services to some 100 passenger carrying vessels, such as cruise liners and ferries, as well as approximately 2,000 merchant ships, from its portfolio of VSAAT, L-band, international maritime GMD and accounting authority services.

"We are very pleased to welcome WINS to our family," said SpeedCast CEO, Pierre-Jean Baylet.

"This acquisition is further affirmation of SpeedCast's growth strategy, and is a significant milestone for us. WINS brings a strong local presence in Germany, a major maritime market, as well as expertise in the marine industry in Europe, a fast growing use of satellite communications."

"Together, we are well placed to expand our network to support the growing demand of VSAAT services to the maritime sector."

In announcing the deal SpeedCast also confirmed the signing of a contract to provide Euclid VSAAT to 50 vessels in partnership with WINS subsidiary OIB-INTSB.

Based in the UK, the Leonardo Finmeccanica Marine Electronics business will be its engine in the founding of the Marine International Maritime Communications company, set up by Cognitive Marine and IRE. More recently, in 2015 the unit was incorporated into Seleno Communications (now another Leonardo Finmeccanica company).

The former Leonardo Finmeccanica marine business has 14 offices in major British ports and a network of over 60 support technicians. Its client base includes more than 2,000 companies generating a turnover of about £22 million, a significant portion of which is derived from non-UK customers.

The newly combined company following the acquisition expects to generate a turnover of approximately £50 million, SIRM says, through the supply of equipment for navigation, security and broadband satellite services to the maritime market.

"We are particularly pleased to have finalised the acquisition of the business unit from Leonardo," said Lisa DeGuzon, CEO of SIRM.

"The integration of these activities with SIRM will allow us to quickly penetrate a strong market such as the UK market and to plan the subsequent expansion into other European and non-European markets."

"This operation is fully aligned to the guidelines of our business plan, with the growth option for acquisition of its specialist companies in specific markets and supply capability integrated into that of SIRM, making it even more attractive."

**Wärtsilä and Eniram**  
The next deal is an all Finnish affair, with

"For us it means growing organically and via acquisition. We will build strategic partnerships, cooperate with start-up companies and continuously recruit new people to strengthen our digital expertise. Digitalisation offers significant growth potential for our customers and for Wärtsilä."

**DMS and Jørgensen**  
June 2016 also saw the completion of the Digital Marine Solutions (DMS) deal to acquire the marine division of Jørgensen, a leading company, first announced in March.

Digital Marine Solutions is owned by the Alze 2015 Fund. Under the terms of the agreement the Jørgensen Marine and C-MAAP portfolio will continue to operate as a separate entity under the C-MAAP brand name with its own dedicated resources and management team led by CEO Egil Aarstad.

"The completion of this deal is good news for C-MAAP, our customers, our staff and the marine industry," said Mr Aarstad.

"Our wide variety of customers will see continuity in supply and improvements in the standard of excellence delivered by C-MAAP, and enjoy continued access to an enhanced range of high-quality electronic navigational charts, information solutions and added value support."

**ChartCo and Kehin Hughes**  
The final deal involves an investment package which will see ChartCo buy the Kehin Hughes Group, following an injection of what it describes as "significant" new funding from Equinor. Between Norway and the continental shelf of the

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## SpeedCast buys Harris CapRock for \$425m

Hong Kong-headquartered SpeedCast has been on an extended shopping spree that has now seen it acquire a dozen companies in just four years – and the latest deal, to buy American satcom provider Harris CapRock, is the biggest of them all

**S**peedCast has entered into a definitive agreement to acquire Harris CapRock in a cash transaction valued at US\$425 million, with the aim of strengthening its position in the cruise and energy sectors.

The combined entity will service more than 5,200 vessels, as well as hundreds of rig and platform, in addition to both corporate, enterprise and government customers.

This acquisition will also expand SpeedCast's global infrastructure to more than 240 field engineers around the world to support customers in over 100 countries.

SpeedCast says that the transaction is expected to complete by the end of Q1 2017 subject to customary closing conditions, including antitrust and regulatory approval. The company expects to generate approximately US\$4 million in annual cost synergies within the first two years after the deal is completed by consolidating, combining office and sharing costs.

Funding will be partly underwritten by an equity raising on the Australian stock exchange (where SpeedCast is listed), which aims to generate approximately A\$120 million (around US\$100 million).

### Shopping spree

The acquisition of Harris CapRock is just the latest move in an extended shopping spree that has seen Hong-Kong-headquartered SpeedCast purchase a host of companies around the world over the last four years, starting with Australian Satellite Communications (ASC) in the latter 2012.

This was followed by deals to acquire Netherlands Satellite Service in The Netherlands in January 2013, and Australia's Pangea International in April of the same year, before adding SatComms Australia in May 2014 (shortly before an initial public offering of shares in the company on the Australian Securities Exchange that same August).

In 2015, SpeedCast acquired Harman Datacom, CapRock Satellite Service, Norflex, SAT Communications and ST Telecom, and this year bought Florida-based NeoCom International as well as WNS Limited (WNS), a European provider of satellite communications and IT systems for the maritime sector that was part of the Hutchison Group.

And Harris CapRock to the list and that makes an even dozen acquisitions in four years, eight of which have taken place since the start of 2015, at a cost of around half a billion dollars – a remarkable spending run by anybody's standards.

Digital Ship spoke to SpeedCast CEO Fernando Bayler about his long term strategy, and how these new firms will continue to create SpeedCast's future.

"The acquisitions have never been about just building scale, each acquisition has been thought of as filling a gap in our capabilities, our approach to the market. The whole driver behind these acquisitions has been to create synergies," he told us.

"Combining these companies with SpeedCast will give us access to opportunities, to customers, to writers, and allow us to do a number of things that were not possible on our own. When you look at each of these acquisitions, each share was our very first maritime acquisition, that was about acquiring a presence in Europe, where we had nothing."

"We were doing very well in our main business in Asia Pacific, we had some partners in Europe but we didn't have a presence, we were not even being regarded as a player, which meant we were not invited to global tenders. The Harman Satellite Services we bought in Rotterdam, the best of the shipping sector in Europe, and suddenly gave us that presence and we started getting invited to global tenders – and we started winning global tenders."

"Going global has been a constant theme in subsequent acquisitions in the maritime sector, getting territory where SpeedCast had little or no existing presence."

"We acquired, last year, SAT Communications to really have a strong market share and presence in the Greek market, at a time when the penetration of VSAT is still low but we expect the adoption of VSAT to accelerate," said McBayler.

"We bought WNS and partnered with DSE (Daimler subsidiary Daimler AG), which has a presence in Germany, the second largest shipping market in Europe after Greece, and an increasing presence in the cruise segment, where we didn't have anything but it is a segment where the demand for bandwidth is skyrocketing."

"Harris CapRock really makes us the strong leader in the cruise business, combining Harris CapRock and WNS, which further strengthens our global wide service – the merchant shipping and offshore service vessel sector."

In short, said Mr Bayler says that the acquisitions have allowed the company to fill those gaps with capabilities that identified by buying up relationships and a customer base, along with technologies and infrastructure, moving from its home in Asia Pacific through Europe and the Americas, and into Africa as well.

"It has not been driven by scale, though as a result of these acquisitions we have obviously reached a significant scale and with Harris CapRock we have taken Harris a different level where we will have a wide advantage over our competition," he added.



SpeedCast CEO Fernando Bayler

"As we've grown through these acquisitions we have learned and discovered along the way some of the wide benefits, sometimes beyond what we were expecting. We understand now what we can achieve by being a bigger player and will leverage that as we integrate Harris CapRock and SpeedCast."

While Harris CapRock has specific strengths in fuel and gas and cruise business, Mr Bayler pointed out that diversification is not one of the core goals of the SpeedCast acquisition strategy, as the company would already present to some extent in most of the sectors served.

"It wouldn't be a diversification because diversity is part of SpeedCast's business, we've always been diversified and will continue to be diversified. It's not like we were focused on one or two industries and had to diversify. We are making acquisitions in sectors where we are active and whereas we want to strengthen our position," he told us.

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# Mergers & Acquisitions

In short:

- Scale is important in maritime satcom – sharing costs across sectors while increasing buying power
- Consolidation will continue, most likely leaving just a handful of satcom providers – fewer options, but fierce competition
- So – a small group of big players, with deep pockets, will be looking for your money

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# To take away...

- Exponentially greater supply of VSAT capacity
- A few big players will dominate – having spent billions
- Maritime can benefit from cross-industry scale

Cheaper data is coming. Success will be had by those who use it to create value from their 'Digital Ship'

**Digital Ship**

Thank you

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