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Satellite Service Providers and the Battle for the Oilfield Customer

How Application Focused Technologies are Changing the Market

By Alan Gottlieb

For VSAT providers, few markets are as attractive as the Oil Industry. Offshore and Land Drilling, Production, Well Logging, Pipeline and other Oil Service support and infrastructure operations are often located in remote areas far from fiber networks

making satellite the only realistic communications alternative. Unlike other markets that will ultimately be served by terrestrial links, this market offers a secure promise of long term growth for

those VSAT providers dedicated enough to learn the industry's requirements. Many such providers have recognized the industry's potential and are intent on market entry.

At Gottlieb and Company, we are seeing more and more clients seeking to expand their knowledge

of the Oil Industry and build a market position. Long term players like Sola, Petrocom, Stratos, Schlumberger, Invsat, RigNet and Polar are finding themselves competing against aggressive newcomers like MTN, Verestar and in some cases, the satellite



operators themselves. Providers vary in what they offer. Petrocom offers a high-end, turn key service package while other providers on the satellite side tend to work with third party service providers. In addition to new market entrants, new technologies and customer requirements are changing the industry.

Companies who have researched the industry have already recognized that it is a large and complex market composed of many segments, each with its own requirements. Offshore and land rigs, Logging, Infrastructure

Construction and SCADA applications each have different requirements. Understanding user the user's needs and applying the most appropriate technology solution is fundamental to success in the marketplace. Some examples include the rig owner's desire to offer their own satellite services to their sub-contractors through a single antenna and modem, a service requiring VLAN tagging. In Well Logging, the need to

uplink large amounts of data from dispersed locations makes a strong case for the shared bandwidth technologies.

Some of the newer technologies employed in the Oil Field include iDirect, DAMA, Inmarsat's Regional BGAN and Iridium's data service, solutions offered to satisfy the

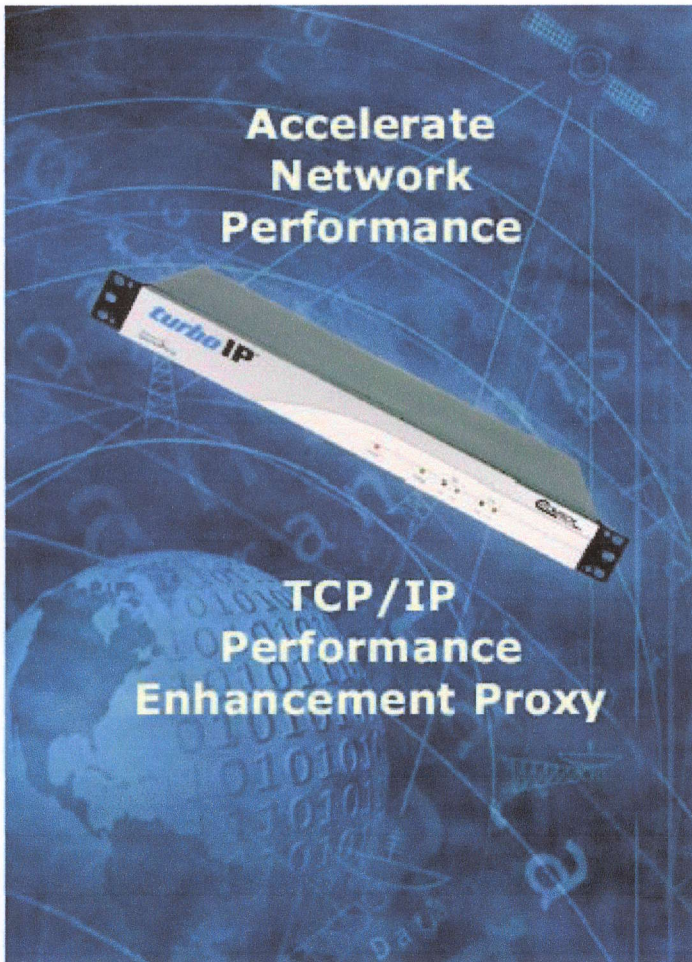
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industry's demand for greater bandwidth availability, low cost terminals and mobility. iDirect solutions have become extremely attractive since they combine bi-directional, shared bandwidth with IP Acceleration and low cost terminals. In essence, new technology and the varying demands of the industry are bringing to a close the age of the universal Point-to-Point solution. Here are just a few examples of how the new technologies can be employed in selected segments.

Offshore – Demand for Greater Bandwidth

Offshore Drilling Rigs are essentially mini-communities. A typical rig accommodates one hundred or more individuals, usually for several weeks at a time. Data and voice requirements are extensive for both business and personal needs, and reliability and service of communications links are of critical importance. Demand for *Bandwidth on Demand* is increasing as transmission of large files, VoIP and Videoconferencing applications is becoming more common. Since it is impractical from a cost standpoint to maintain broadband fixed links for such "bursty" traffic, shared bandwidth solutions are generating significant

interest, and traditional "turf battles" between regional and corporate IT over centralized network control and planning are gradually giving way to the overwhelming economic advantages of the new technologies. As a result, selling such technologies has definitely become easier. While the availability of new satellite technologies and the demand for greater bandwidth are the predominant driving forces in the business, there is also a growing demand for new and innovative services to fit the unique requirements of offshore operations.



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