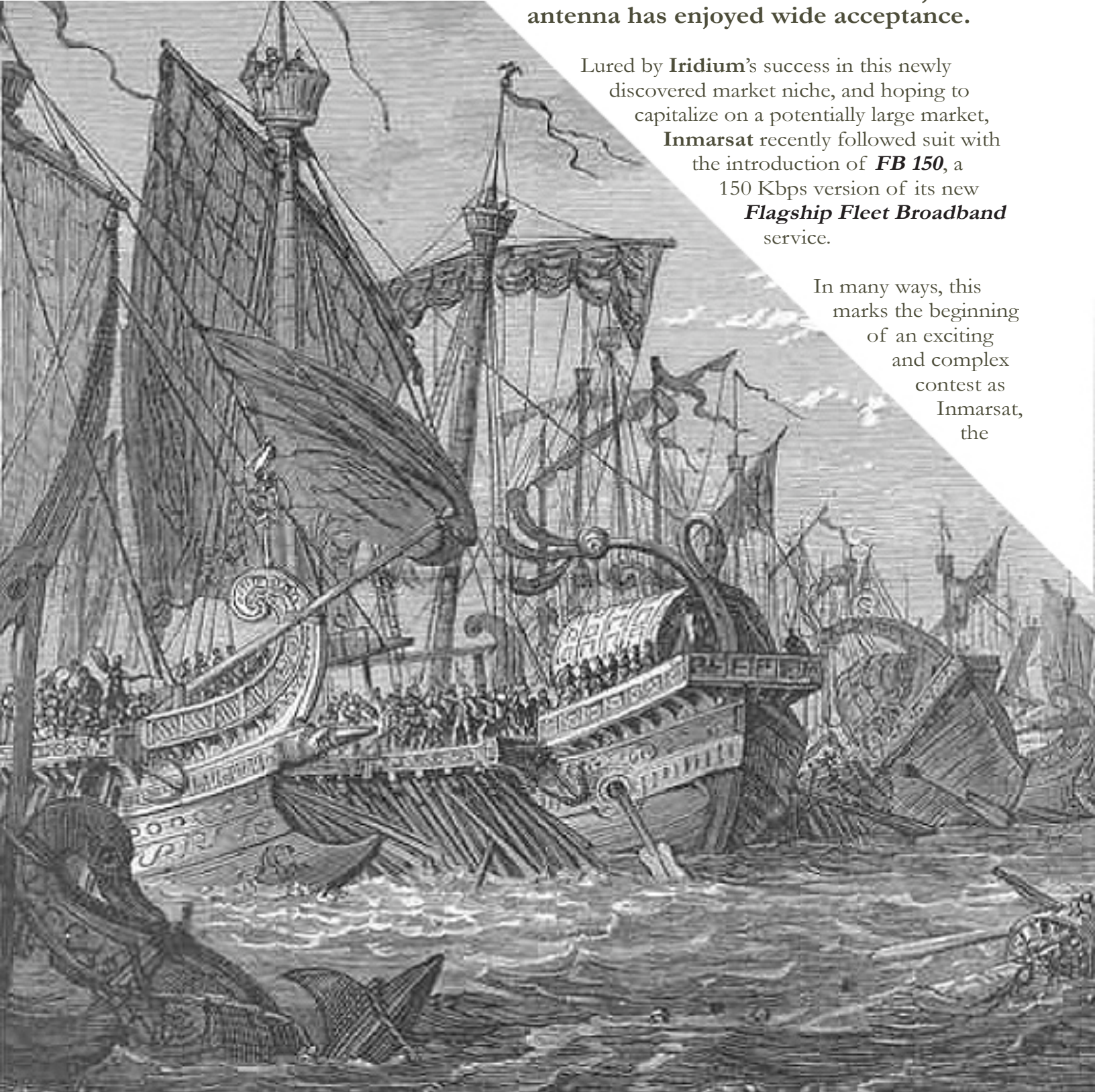


CAN FB 150 UNSEAT OPENPORT?—THE NEW CHALLENGE AT SEA —  
by Alan Gottlieb

**I**ridium just announced the sale of its 1000th OpenPort system, making it the de facto leader in the 128 Kbps targeted segment of the maritime communications market. Since its introduction, the inexpensive 9.6/32/64/128 Kbps voice and data service with its convenient, small antenna has enjoyed wide acceptance.

Lured by Iridium's success in this newly discovered market niche, and hoping to capitalize on a potentially large market, Inmarsat recently followed suit with the introduction of **FB 150**, a 150 Kbps version of its new **Flagship Fleet Broadband** service.

In many ways, this marks the beginning of an exciting and complex contest as Inmarsat, the



traditional master of maritime communication, attempts to unseat a nimble upstart who has beaten them to market. Can **OpenPort**, an early winner in the up to 128 Kbps maritime communications market, maintain its lead against Inmarsat's new FB 150 service?

To find out how these services compare, **Gottlieb International Group** queried end users and providers, and what we found astonished us. Unlike FB 150, OpenPort user satisfaction was found to be largely dependent on the chosen service provider with satisfaction varying considerably among those who bought from Tier 1 providers versus those who purchased from sub-distributors at the bottom of the distribution chain.

Users who purchased the OpenPort service from the Top Tier providers enjoyed a relatively good quality of service and significant discounts from list pricing while those who bought from the sub

distributors were more likely to pay higher prices and complained more often about service quality. As we dug deeper, reasons for the disparity began to emerge.

- **Pricing:** Iridium has a multi-level distribution scheme that can often result in significantly higher prices for those users who purchase from a sub distributor versus a Tier 1 provider. Furthermore, until May of 2009, OpenPort had no real competition resulting in very limited discounting. Distributors published price lists and generally adhered to list prices. Despite the fact that times have changed, many of these price lists still exist and circulate creating the false impression that the service is considerably more expensive than FB 150. In fact, we found the opposite to be true. Very significant discounts are available, especially for those users who buy from the Tier 1 distributors.

- **Service Quality:** To assure service quality, proper placement of the OpenPort antenna is critical since the antenna is highly sensitive to bursts from Inmarsat C, radar and other types of interference. Top Tier distributors usually perform a careful Site Survey to determine the optimal location for antenna placement and either perform or supervise installation themselves. Sub distributors are much more likely to limit involvement with installation to providing a set of written instructions for user self install, resulting in poor antenna placement and/or less than optimal installation. In addition, vendors at the edge of the distribution network are much less likely to assure that software and firmware upgrades are installed as required. As Iridium has labored constantly to improve its service, upgrading is critical and vendors need to make sure their customers actually install the updates.

- **Managing Data Costs:** As both OpenPort and FB 150 offer expensive, pay-by-the-byte data services, usage control is essential. While e-mail and SMS consume relatively minimal amounts of data, unrestricted use of the Internet on either service can result in thousands

or even tens of thousands of dollars in unexpected billings. Tier 1 providers generally provide sophisticated, Web based portals that allow users to set limits on data usage, and they teach their customers how to use them. Stratos, AND, Globe Wireless, Satcom Group and Sea Mobile have especially good usage management packages.

Incredibly, we found that some Second Tier distributors had no such packages at all and were relying on analysis of after-the-fact call records from Iridium to control customer usage. Without real time usage management, some customers were reported to have run up tens of thousands of dollars in data charges.

The result of our survey suggests that, despite being a reasonably good service, product perception in the market has been infected by the inconsistent performance of sub distributors and, in many cases, their failure to provide the appropriate cost control software and the other value added services necessary to properly support the product. Consequently, potential purchasers need to carefully shop around and buy directly from the best Tier 1 vendors. Having detailed the importance of choosing a proper distributor when buying OpenPort, we can now look more closely at the features and performance of both services.

## **OpenPort + FB 150 Compared**

In comparing OpenPort and FB 150, it is critical to understand that either service could certainly meet your voice and data communications requirements. In reality, as both of these services charge data on a pay-by-the-byte basis, neither is cost effective in applications such as web surfing, streaming video, or transmission of email attachments larger than 500 Kb. These services are principally for voice, e-mail, SMS, transmission of low-density photos, and small files and can be suitable for remote PC Management (at speeds of 128 Kbps or greater).

If you are planning to give crew access to the Internet, you are going to definitely need a VSAT service. Considering these limitations, here's how the services compare in that regard.

1. **Voice Quality:** Voice quality with the OpenPort service can be compared to the Iridium phone service. Most users reported quality to be adequate but demonstrated a slight preference for FB 150. While some OpenPort users have reported dropped calls, careful analysis appears to reveal that such problems are either a result of poor antenna placement or failure to install the required software and firmware updates.
2. **Crew Calling:** OpenPort has a significant advantage over FB 150 in the Crew calling application since it allows three simultaneous voice calls versus only one call for FB 150. OpenPort can also be employed with pre-paid scratch cards to facilitate pre-paid calling. Also, we understand that some providers offer the crew calling service for as little as \$.50 to \$.60 per/minute, much lower than FB 150.
3. **Email and Data Pricing:** We found no significant differences in terms of functionality. We believe OpenPort to be significantly less expensive than FB 150. However, as we mentioned, printed price lists are totally unreliable and substantial discounts are available from many OpenPort

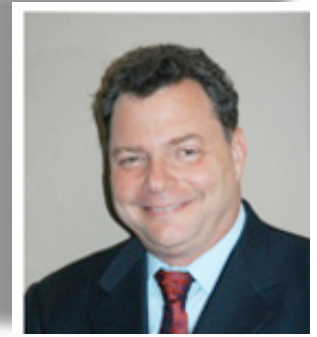
distributors. So, you need to shop around and get quotes from distributors. Don't rely on the printed price lists for comparisons.

4. **Transmission Speed:** In terms of transmission speed Inmarsat FB 150 enjoys a slight advantage with its standard 150 Kbps offering. However, until recently to obtain 128 Kbps services on OpenPort required users to commit to a high-end expensive pricing package and pay a premium for either 64 Kbps service or 128 Kbps. However, Iridium has just announced that the need to subscribe to a high-end plan for 128 Kbps service has been eliminated along with any surcharges while, unlike Inmarsat, slower speeds will be available at discounted pricing.
5. **Antenna Infrastructure:** The OpenPort antenna has no moving parts and is small and inexpensive making ideally suited to small and mid sized vessels. Because it has no moving parts, it enjoys a distinct advantage on smaller yachts and other vessels subject to intense vibration. Furthermore, the fact that the service relies on a continuously orbiting constellation of LEOs means it is more apt to retain connectivity in far North latitudes where look angles are low for geosynchronous satellites such as those employed by Inmarsat.
6. **Polar Access:** Obviously, if you intend to sail North or South of 73 degrees latitude, OpenPort is the only functional service.

In conclusion, we believe these services compare favorably and are confident our research conclusively indicates that much of the negative commentary surrounding OpenPort is a result of poor service by vendors at the lower end of the distribution chain, not a significant deficiency in the service itself. In comparison, both of these services have attractive features and the secret of success in employing them is to accurately match them to your own specific requirements.

#### *About the author*

Mr. Gottlieb is CEO of Gottlieb International Group. His firm, Gottlieb International Group Inc., specializes in assisting ship owners and managers with evaluation of satellite service offerings and helping service providers structure appropriate service offerings. He is recognized expert in the field, has extensive contacts in the global shipping industry and VSAT vendor community and is a frequent published author and speaker at satellite and maritime conferences.



Established in 2002, Gottlieb International Group has worked with ship owners and managers VSAT vendors around the globe, His clients have included such major vendors as Inmarsat, Iridium, Globecom Systems, KVH Industries and Intelsat. His new E-Book, *The First Independent Guide to Maritime VSAT* is now available through his Company's website.

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Illustration credit

Naval drawing courtesy of Ridpath from *The History Of The World*.