



Skyware Accrington. Photo courtesy of Satellite Holdings.

Taking companies to the next level

In 2008, Satellite Holdings LLC was formed by the partnership of two private investment entities. Their first acquisition was Raven Antenna Systems, followed by ASC Signal. Helen Jameson speaks to David McCourt, Chairman and CEO of Satellite Holdings LLC about the investments the venture has made and about the future of the company they have formed.

Granahan McCourt Capital, LLC is a private investment firm focused on investments in the telecommunications and media industries. The team believes that there are significant investment opportunities when dramatic technological and regulatory events change the way in which products and services are delivered to the end customer.

When the opportunity arose for the company to partner with The Edgewater Funds to acquire Raven Antenna Systems of Accrington, UK, the company saw a great deal of promise.

For over 25 years, David C. McCourt, Chairman and CEO of Granahan McCourt Capital has been an innovator, entrepreneur, and business leader across the construction, communications and media industries. He has founded or bought 14 companies in seven countries, and is widely recognized as a transformational force in the telecommunications business. *The Economist* described him as having “incredible credentials as a telecom revolutionary”.

Today, Mr. McCourt serves as Chairman and CEO of Satellite Holdings, LLC (a strategic partnership between Granahan



McCourt Capital and The Edgewater Funds) which, through a series of strategic acquisitions, is quickly becoming the largest global, total solutions provider of integrated satellite antenna systems.

In December, 1984, President Reagan presented Mr. McCourt with the first-ever award from the White House recognizing

extraordinary accomplishments by private sector businesses. He was also selected as “Entrepreneur of the Year” by Ernst & Young LLP, as well as top entrepreneur by the Harvard Business School Club of New York.

Question: Can you please begin by giving us some background on Satellite Holdings LLC?

David McCourt: Well, I have a long history in the communications industry. I have spent 30 years buying or building telecommunications companies. Over the past few years I’ve been studying the satellite industry and I wanted to invest in a satellite business.

I combined the forces of my firm, Granahan McCourt LLC, with The Edgewater Funds and created Satellite Holdings, which is a partnership that was formed at the very end of 2008. I had always been on the platform side of telecommunications and had the job of running a platform such as a cable company, a phone company or satellite company. For this reason, I believe that I understand what issues the satellite service providers face, their challenges, their concerns, what will work for them and what won’t.



Raven Group to become Skyware Global

Satellite Holdings LLC has confirmed its global ambitions for its recently-formed Raven Group with a high-profile appointment and a new trade name – Skyware Global.

Satellite Holdings, LLC, a partnership between private investment firms Granahan McCourt Capital and The Edgewater Funds acquired Raven Group on January 1, 2009. In May 2009, Satellite Holdings continued its expansion and acquired the Direct-to-Home (DTH) and Very Small Aperture (VSAT) businesses of ASC Signal, their Chinese operating entity, ASC PRC, as well as their radio frequency (RF) electronics business, Skyware Radio Systems GmbH, a unit formerly owned by Philips Electronics. Together, the merged companies have an expanded product set, first-class engineering capabilities, and manufacturing operations on three continents, all offering global logistics. Skyware Global is the only worldwide provider of complete ODU (outdoor unit) solutions for any satellite application.

David C McCourt, telecom industry veteran and CEO of Satellite Holdings LLC comments: “Our acquisition of Raven, together with our purchase of ASC’s DTH, VSAT and Skyware Radio Systems business units in May of this year created the world’s first total solutions provider of antenna systems. With high market penetration, a truly global footprint which includes deep understanding of different markets, and end-to-end control of the manufacturing process, we are unique in the marketplace. Raven Group’s new name - Skyware Global – reflects not only our ambitions, but our ability to deliver high-quality satcom solutions to any corner of world.”

Additionally, Allan Kennedy has been appointed as the company’s Global Sales and Marketing Director. With over 25 years experience in the industry fulfilling various roles in engineering, operations and business development, he joins Skyware Global’s senior management team.

David C McCourt, adds: “As the world’s only complete ODU provider for all markets and applications, Skyware Global has a very sophisticated product set and design/manufacturing capabilities that are unparalleled in the industry. It was essential for us to appoint a sales director who had the technical understanding of product capabilities, and the drive and experience to grow sales and ensure the continued, high-quality product that our customers expect. Allan knows the global industry inside and out and has the skills and energy to lead a worldwide team of talented in-house staff, resellers, and distributors in driving the company’s growth. With an expanded and much more sophisticated product set, we are building a leadership team to match.”

Question: What attracted Satellite Holdings to Raven and ASC Signal? What was your goal?

David McCourt: I’ll answer the second questions first, what struck me about the satellite antenna industry was that there seemed to be a void in the way that products were designed and manufactured. There seemed to be a lot of manufacturers developing a lot of different components and no one company was taking responsibility for the quality of the overall outside unit. In my conversations with the satellite providers, I understood that this was a source of frustration to them. After having these conversations and understanding the problems that had emerged, I formed Satellite Holdings and our first acquisition was Raven Antenna Systems. What attracted us to Raven was their strength in antenna design and manufacturing. They have some of the best RF microwave engineers in the industry, and great talent within the organisation. The company is run by people who understand the manufacturing process and the satellite industry. They can design and manufacture equipment to perform a certain task at a certain price point. They have a strong customer base, a good reputation and were looking for somebody with global experience who could bring a little bit of cash to the table to enable them to build a global platform.

There were a number of synergies between Raven and ASC Signal as there always must be in any good acquisition. In this case, there were a lot of revenue synergies because ASC had a product line that was different than the Raven product

line. ASC were in the enterprise space and Raven wasn’t. ASC was in the SMC antenna business, whereas Raven was working mostly with steel antennas. ASC also had more global reach than Raven. So together, we have formed the only company that offers the full suite of products across all geographies. ASC also brought along with them Skyware, a German company owned under the same private equity group that has the electronics engineers that Raven didn’t. Raven is more of a mechanical company and Skyware is more of an electronics specialist. So the companies brought capabilities together that complemented and improved each other. We have a wide range of antennas that cater for DTH, consumer broadband, VSAT and enterprise – we are in all markets and we provide our products in all frequency bands. I believe we are the world’s only complete Outdoor Unit (ODU) provider.

Question: How is business going for the new Raven? How do you envisage the company’s future?

David McCourt: The business is going very well. We are continuing to build the product set. Our focus right now is one hundred percent on consistency and quality. We are experiencing growth in our customer base and we are also in the process of developing some new products with our customers. We are also looking at manufacturing facilities in some parts of the world where we have not yet manufactured before.

Through the acquisition of ASC, our roots are in the Channel Master antenna that dates back to 1949. We now have Raven from the

UK, we have ASC Signal from the US, Skyware Radio Systems from Germany and ASC PRC from China. Between these companies we have created a provider that operates on a global basis. We can do manufacturing, design, logistics – we can basically build the right product for any application.

Meaning, any product, any application, any solution, any place – that is what we can do now. I believe that the industry is going to do very well over the next decade because we are looking at a transformational change here to the Ka-band in so many countries that just don’t have the time or the money to run cable down every street - countries such as India and China and a continent like Africa. They will be looking at satellite as a viable substitute.

The DTH and consumer broadband markets as well as the enterprise markets will all do well. I think that consumer broadband will get a lot of attention over the next couple of years because providers can speed up deployment in comparison to a wire-based product and can rollout much faster and more cost-effectively.

Question: It appears that many players in the satellite sector see the industry as being pretty recession-proof. Do you agree with this? Do you believe that there has been any significant impact on the satellite industry from the global recession?

David McCourt: Well, a recession usually affects every business, and I am not an economist but I will say that looking at the numbers that BSKyB and DirecTV have put



out it appears that the recession was actually good for them based on the performances in their businesses. I think what this says is that satellite is good value and that access itself is recession-proof. If anything, your Internet access is going to allow you to cut costs in other areas. Internet access will be a growth area for satellite going forward. All around, this industry, the satellite business has managed to avoid the effects of recession and continued to grow. The services that satellite offers will always be needed.

Question: Do you see more potential for M&A activity in the global satellite sector? If so, where?

David McCourt: If we look at the VIASAT/WildBlue acquisition, it's a good indication that the global satellite sector is strong. In any industry where there has been rapid growth, you will always find companies that are looking to combine. I think there may have been a plateau for a while.

“To me, transformational investments are an investment that helps a company to reach the next level.”

Now, as technology changes from Ku to Ka-band along with the new satellite launches being planned, I expect that there will be a period of rapid growth in satellite activity and therefore in M&A activity.

In terms of where this M&A activity will happen, I see it happening in all aspects of the business.

Question: What features make a company investable? What considerations must you take into account?

David McCourt: I really think that it depends on what your strategy is. In our case, after our first acquisition of Raven, we were looking for a company that specialised on the

electronics side and ASC made perfect sense. Raven was strong on steel antennas and ASC was strong on fibreglass antennas. I think it depends on what your objective is – is it geographic expansion or product expansion?

Everybody has their own profile and way they wish to develop their company post acquisition. It depends on what you are starting with. Are you trying to fix a balance sheet issue? Are you trying to extend your customer base? It depends on what goals you are trying to achieve.

Question: What is transformational investment?

David McCourt: To me, transformational investments are an investment that helps a company to reach the next level. It enables a company to take advantage of a change in the industry or in the landscape or to help them create a catalyst. Usually, if there is a technological or consumer behavioural or regulatory change that takes place in the industry, companies should be able to take advantage of it enabling them to reach the next level. That's what we think transformational investment is – it's not about just growing a company incrementally but about growing it dramatically and transforming it. We see what is happening outside of the company and how it can change itself to become bigger and more focused. We don't believe that we can simply walk into a company and change things – there has to be something externally that will give you some wind behind your sails or perhaps some companies just need capital to get to the place they want to be. We help to create the environment in which a company can transform itself and fulfil its potential.

Question: Do Satellite Holdings LLC have further strategic acquisition plans at present?

David McCourt: We don't think that we are totally done yet. There are some areas where we want to be better, where we want to be stronger. We are the only company with this particular product offering and we can deliver on a global basis. However, in the future, we will be looking at different areas of the world such as India and China where we would really like to have partners. We are clearly talking to people about partnerships. Whether that would end in strategic acquisition has not made itself apparent to us quite yet. The main point is that I see emerging countries across the world – China, India, African countries, the Central and Eastern European countries - using satellites to help them to build up their network infrastructure today and in the future. All these parts of the world are relying on satellite now and I think that the business has a very good future.

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