

Chasing Commercial Communications Satellite Market Worldwide (2/2)

Hideki (Eddie) Kato

Vice President, Business Development
Orbital Sciences Corporation



Mr. Eddie Kato is Vice President at Orbital Sciences Corporation of USA, responsible for business development activities of communications satellite systems worldwide. Since he entered into Orbital in 1998, he and his team have played vital roles for all of the 11 geostationary satellites awarded to Orbital to date. Prior to Orbital, Mr. Kato worked for Mitsubishi Electric Corporation, Lockheed Martin Corporation as well as Japan Image Communications Corporation. Mr. Kato currently resides at Potomac, Maryland with wife and two children.

After resigning Lockheed, I thought about many things about my future for a year, while working as an advisory at a satellite broadcast provider in Japan and as a consultant. I thought about moving into other industry, such as satellite services and even totally different industry from the satellite business. But I eventually felt that I should continue to be involved in the satellite manufacturing industry.

This was not only I was familiar with the business, but also I truly felt that the job was valuable for me to be able to experience “manufacture” and “sell” as two wheels of the car.

Coincidentally, at that time, I was asked from Orbital Sciences Corp. to participate in launching commercial geostationary satellite business.

Orbital was still a young company founded in 1982, but was growing rapidly through mergers with Fairchild’s Space Systems Division and CTA Space. My boss at GE days had moved to Orbital, and more than 100 ex-GE personnel were there, too.

There was an atmosphere to start everything from scratch, and there was a vision at Orbital. I entered into Orbital in April 1998, and moved from New Jersey to Washington DC.

It was not easy to start the business from scratch. We were not known by the industry at all. We did not have experiences in the GEO satellite field.

So, we decided to take “a niche strategy” and compete at fairly small satellite market. During the first two years, the most difficult thing was to earn the customers’ trust and confidence on Orbital. Some *Space Japan Review, No. 36, August / September 2004*

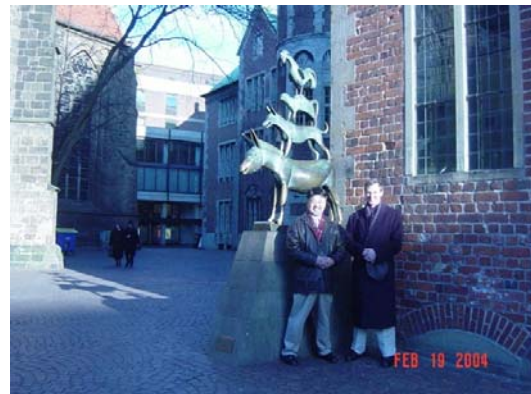
customers did not even talk to us. But maybe partially because other companies did not worry about us as real competitor yet, we won two Japanese BSAT-2 satellites in the end of 1998. Then, in the end of 1999, we won N-Star c satellite from Japan. Quite frankly, I was totally surprised about this, as I did not expect to win this contract.

By these two wins, we could establish a base of the business, and could win four satellites in 2001 including three PanAmSat satellites. Furthermore, in 2002, we were awarded TELKOM-2 satellite contract from Indonesia even though the whole industry had only three commercial GEO satellites throughout the year.

In 2003, after fierce competition, we could win two Optus-D satellites from Australia. I believe that we could establish the market's perception, "If small satellites, Orbital is the leading manufacturer". During the past 5 years, we could win ten satellites, and together with the original INDOSTAR, we grew to the top small satellite manufacturer in this industry. At Orbital, our GEO business has grown to achieve 20% of the total revenue.



In Australia with my family



In Bremen , Germany

I cannot live on the success as a person who is leading the company's GEO satellite marketing. I am doing my work with tension at all times.

Fortunately, demand of small satellites has been growing in spite of flat total market situation. But competition is fierce, and many companies newly participated in the small satellite market.

Keeping today's market position is much more difficult than acquiring the new market. If I relaxed my effort, that is it, and it is end of the story. I think that I am enjoying this tension, though.

When I win the new contract, I forget everything about tough competition. I guess I am continuing this hard work only to enjoy this specific moment. Attitude to pursue "high risk and high return" has not changed since I was young. This is my nature, and maybe I will not be able to change myself in the future.

What I am demanding my staff is "Adequate combination of American way of doing job and Japanese way of doing job". Of course, I do not tell this to them. But I am Japanese no matter how I get Americanized, and I cannot adopt pure American management style. I have remaining Japanese way of thinking and doing job. Then, why do I hide it? I believe that "strategy" is the most important thing for marketing job. We cannot win any contract without the strategy, and even if we can win, we will be involved in price war, *Space Japan Review, No. 36, August / September*

and our profit will be low.

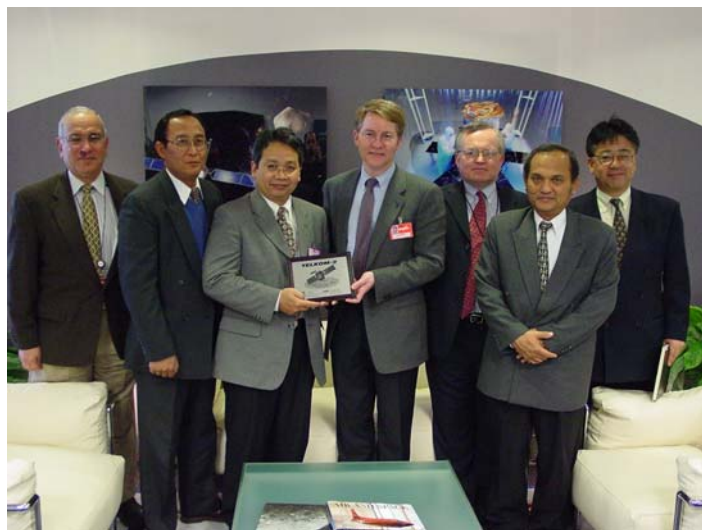
And for establishing the strategy, we need to perform MBA-like analysis approach. But I am believing that on top of this, we need to have an attitude of “maximum endeavors”. This is something what is Japanese. In many cases, good result comes as more time and efforts we spent, and this is universal – This is my belief. I am openly telling this and forcing this to many staff personnel. Maybe they are blindly following me, or maybe they are giving up to oppose to my view.... But I think that they are trying to understand the “Eddie’s language”.

Recently, I am often told from the customers that Orbital’s marketing is something different from others’. There must be many factors behind this statement, but if the above view is one of them, I am so happy.

To close this article, please let me state one thing. I got too much Americanized, and I probably have no more chance to work at Japanese companies. But it is still my firm belief that one parent for me is Japanese space industry, which grew me. If I look at the industry from outside, I have lots of criticism, but after all, it is disappointing thing to see that both Japanese satellite and launch industries cannot be competitive with US and European industries.

I think that there are two reasons behind this. One is lack of Japanese government’s support on private industry, and its priority on using national budget for new technology developments. This is cutting off the industry’s ability to achieve recurring productions. However, this cannot be a good excuse, as NASA is not helping US industry either in commercial businesses.

Another thing is a problem. For instance, there is a lack of leaders and risk takers to promote commercial business in Japanese space scene. If there are 10 people at each company, who are ready to sacrifice their future for growing the industry, Japan will change in 10 years. I truly believe so.



TELKOM—2 kick-off meeting