

Interview with CEO

Mr. Takuya Yoshida CEO of JSAT Corporation



JSAT is the first commercial satellite communication service operator in Japan and this enterprise is put this service on track, and the going public is achieved.

Mr Takuya Yoshida CEO of JSAT has introduced his strategy with enthusiastic that the development of global networks is indispensable for the further satellite communications service expansion; it is the key strategy for the international Satellite based communications service operator.

Fig. 1: Mr. Takuya Yoshida, CEO of JSAT that tells world strategy

Suzuki: Thank you very much for your precious time allocated to us "Interview to CEO" in [SJR] busyness today. In the technical committee of the satellite communication of AIAA that is the U.S. aerospace society, the AIAA satellite communication forum (AIAA Japan Forum Satellite Communications) was established as a Sub Committee of AIAA ICSSC TC-Committee, and SJR is published as a bulletin for the technical communication. Although it was issue by the hard copy in the first stage, but currently, it is to distribute to subscriber by the Internet as electronic media now. The purpose of this plan is an idea which can tell the strategy and ambition of the CEO of the satellite communications provider in the world engaged in the satellite-based communications services and a communications satellite development enterprise as a important information to AIAA members and the reader of SJR.

Suzuki: First of all, Please introduce simply about yourself of CEO and JSAT Inc. of your company.

Yoshida: I myself join JSAT Corporation as the President of Company from Itochu Corporation in 1996, and will generalize a communication enterprise from the enterprise of the steal.

JSAT Corporation was established in 1985 and the first communications satellite, JCSAT-1 was launched in 1989, and had begun the satellite communications service in commercially. It merged with SAJAC in 1993 and became the capital organization of Itochu, Mitsui, Sumitomo, and Nissho Iwai from Itochu till then, Mitsui, and Hughes Air Craft organization. Now, JSAT Corporation has the satellite fleet of eight satellites in seven orbits constellation after launch JCSAT-3 to JCSAT-6 and JCSAT-110 with tied up with NTT N-STAR a/b including back up satellites. JSAT become a publicity owned company on August 4 2000, following our listing on the First Section of the Tokyo Stock Exchange. Also, We have planned to launch a satellite over the U.S.A. by the end of next year. In this trend, we are the company to expand the satellite communications service globally by using international satellite network for communications service in the any where of the world.



Fig. 2: JCSAT fleet with eight communications satellites with in

seven orbits

Suzuki: Please introduce the trend for the establishment of first commercial communications satellite service in Japan.

Yoshida: I have learned that at first, when the government took the liberalized policy of a communication service in Japan, the private companies try to enter the enterprise of communications services. The application paper to the new project development activities in Itochu Corporation has the proposal of a commercial satellite communication service enterprise, and the proposal was taken up is to begin. It is not original idea to start the satellite communications service operator but to contribute the satellite sales activity in Japan for the satellite manufacturer of Hughes Aircraft Company that is an American satellite manufacturer and forward to acquire the satellite communications operator at next step. I have learned also that it had very difficult time to develop the customer using the transponder at first, many people who work very hard to develop the market for transponder user, through that hard work, we have established the company position to obtain the profit from business operation in 1997.

Suzuki: It was engaged for me to develop CS-3 communications satellite and communications satellite technology under Mr. Kazuhiko Hashimoto who and I were also on loan to the Telecommunications Satellite Corporation in Japan (TSCJ) from CRL in those days, furthermore Mr. Hashimoto moved to JSAT who was my superior official of those days.

Please introduce us your activities in the early stages of your business start, such as selection of communication frequency, development transponder users and customer acquisition.

Yoshida: I have engaged in this company in 1996, and then I have just learned the events happened before 1996 from the persons concerned at early stage of this company. It just start the market development work which sells a transponder to potential customers of a major company, such as domestic big enterprise, broadcast operators and NTT at first.

In order to establish technology of satellite operation, we have

to learned a lot of things related satellite technology from technical expert, specialist and have a lot of experience which the pioneer and founder have to go through such difficulties. Although three satellites were belong to our company to sell the transponder to customers in our organization.

In 1996, we have just start the CS digital broadcast service using JSAT-3 Communications Satellite and our company came up the profitable management style after the problem has conquered one by one.

Suzuki: in your business expansion plan, I understand that your company starts not only the domestic service but also the service of an international beam in Asia Pacific region in early stage. Please introduce your view of the satellite communication service enterprise of Asia and the Pacific Ocean area in current and the future.

Yoshida: It is very ordinary sense for me to operate international communications business by using satellite service because I have worked at trading company and have a lot of experience in global business operations and also I understand the communications satellite has the capability to cover 1/3 of the earth surface by one satellite so that I think satellite communication should cover not only Japan coverage but also global coverage for the enterprise deployment.

However, at the time of beginning the commercial satellite communications service in Japan, it is understandable that KDD is only one organization to precede international communications service operator in Japan. It was not admitted that private company dealt with communications service out side of Japan, therefore it is not considered that a provider of satellite communications goes away in foreign operations etc Then, the globalization of the satellite communications service behinds that of out side of country. In other hand, it was difficult to prevent this business from overseas vigor was aiming at satellite communication service in Japan.

Fortunately, we found that JCSAT-3 had a C-band international beam on-board, then we think that the ground station in Hawaii was

installed in order to service operation in Asia Pacific region using this capability which was first start by very small-scale. This is really small step to start but good start for current scale of international business for JSAT.



Fig. 3: Talk scenery with Mr. Yoshida CEO of JSAT

Suzuki: Is it mean that government regulation for international operation makes international business operation difficult to proceed?

Although I have learned that Horizon International Inc. was made by the cooperation with Pan Am Sat, and the development of the communications satellite for it's purpose is also started last year, which seems to me that you are ready to expand your business globally.

Please tell us about the business strategy of international satellite communications expansion in future.

Yoshida: Problem was not government regulation, it can be said that business policy for the international communication service was much defer from now which mean the posture for international business in that time, please note that the international communications business operation was also difficult for NTT,

Let me add a little of about an international enterprise, there

is uneasiness in developing satellite communications business expansion radically with domestic communication demand only in the future. It is mandatory to come into global business deployment in order to expand the business chance of our company further and further. I think that enterprise deployment that starts from the regional network of an Asian area first, and covers an international communications network is required, otherwise, I consider that there is any reason for continuation of satellite communications business as a satellite communications business operator. Moreover, if it does not do so, it is recognized that we cannot survive without the strategy to carrying out satellite business management with the sense of impending crisis, and it being the responsibility for management.

There is more chance for business development of satellite communication in Asia, including China, India, Vietnam, Indonesia, etc. For instance, Indonesia consists of more than 5000 islands and satellite communication is suitable for island type of country. - I understand that the market suitable for satellite communication is in Asia Pacific still more.

The coverage area of the Horizons-1 satellite which will be launched at first quarter of next year over the U.S.A, that is all over the U.S and trans-pacific between US and Japan. JSAT will be only one company in Asia that has the satellite coverage over the U.S continent. Since now, we expect that not only to launch our own satellite but also to cooperate with the communication satellite operator as an entrepreneur's consolidation which will be progressed in every place in the world from now. Horizon carries out the start of business deployment completely from next year that will ready to cooperate with the operator, which has a strong point in the every region in the world,

The contract between JSAT and Pam Am Sat has been done in order to create the transponder sales business opportunity. This contract will be mutually agreed to expand the joint sales activity with two Pam Am satellites PAS-2, PAS-8 and No. 8 (JCSAT-2A) launched in March 2002 and JCSAT-3 of our company, which is promoting the Horizon plan with joint venture of Pan Am and JSAT that develops satellite communication service of Asia and the U.S.

Probably, the efficient business operation that employs efficiently the feature of the satellite communication service is to use global network operation. And also it is required to corporate with regional network enterprise that has strong activity in the regional business operation for international satellite communication service proceeding.



Fig.4: JSAT-2A Launch in March 2002 Fig 5 : Horizon-1 communication satellite image

Suzuki: Last October 11, AIAA Japan Forum has held the colloquium on the satellite communication at Houston in U.S.A. In that time, there was a question from the journalist of space news, in there; Mr. Nagai, Senior Executive Officer of JSAT also gave a presentation for us as a panelist. It is expressed that in the country where optical communications network are developed already like Japan and South Korea, there is less opportunity for the satellite communication system to apply for the broadband data communications, but there is a room for the satellite communications system for the application to the broadband data communications in the area where does not have optical communications network yet.

Yoshida: I understand and agree to such opinion, however, it is important for further expansion of the satellite communications services to

create the new applications of satellite communication. And we should make our contribution for the development of satellite applications in order to promote satellite communications service.



Fig 6 : Japan Forum Colloquium in Houston

Suzuki: one of most important satellite application is the satellite broadcasting. SKY PerfectTV and JCSAT-110 are important satellite system in view of the satellite application.

Please introduce the future growth of this application.

Yoshida: It is not easy to predict the future growth of this application of multi-channel broadcast but there are 18 million subscribers in USA and same number of 18 million in Europe but 3.3 million in Japan. Probably, we can increase number of subscribers in Japan if events, such as the World Cup, should be considered for further expansion of this field of applications; the development of the key contents is definitely required.

Suzuki: Although the cooperative relations with NTT groups, such as the contract on the satellite tracking and control of N-STAR a/b are remarkable, Please introduce your business strategy for domestic

satellite communications services.,

Yoshida: Yes we do and promote the cooperation with NTT. N-STAR a/b communications satellites are transferred to us from NTT and contract of the satellite tracking and control business for N-STAR C is also granted to us. It is important policy for us to strengthen the cooperation with NTT and NTT DoCoMo in future.

Suzuki: It is the secret of good enterprise management amid the global depression, which took the management index for wonderful contents although I was allowed to see the balance sheet of your company.

Yoshida: The revenue of our company is at most about 50 billion yen. The satellite communications service could be called niche market in the whole communication industry of 1 trillion yen market. Probably, it can be said the enterprise management will be more stably than ground communication possibly. It is recognized that as it having led to today's result come from our sincerely offer customer service which is exactly accepted by our customer. Customer will be indispensable. Good harmony both Positive spirit and cautiousness is most important for management style for this market. And the cost cut for the purpose of financial retrenchment, not stinginess, in any field of management should be considered in conjunction with heart of the positive spirit and cautiousness simultaneously.

In addition to above-mentioned strategy, global strategy should be considered. Even now, satellite development costs us 2 to 30 billion yen. For one satellite, then it is not good to look for customers after satellite launched, we should have customer first and launch a satellite for. The research and marketing are most important we should invest the place where market will be there. Research & development for customer service and technology invent are also important factor and indispensable to investment. That should be coincident with the manager's role of the positive spirit and prudence. That is really manager's responsibility for both company and general public.



Fig. 7: Mr. Yoshida, CEO of JSAT (right) and Dr. Suzuki, interviewer

Suzuki: Although it is hearing that company performance so well, company publicly listing on the first section of the Tokyo Stock Exchange with IR activity also going well under the leadership of Mr. Yoshida, CEO of JSAT.

Please tell me the process and circumstances.

Yoshida: Corporate governance and information disclosure public relations and IR activity are most important matters. The information disclosure is the duty of a company. It will have general people look at this company well, and it is recognized that it is the responsibility for management to make it the popular company that says commonly, and out of such manner, it becomes to give the further power to an employee's motivation.

Suzuki: Although it becomes the last comment, as an Executive Director for Wireless Communications Division, Communications Research Laboratory, what technology is demanded to develop in furthering development from now on which is promoting deployment of future satellite communications services, such as satellite internet, mobile communications, competition with laser communication, and

development of basic satellite communication technology, such as a communications satellite which is the infrastructure.

Yoshida: Satellite communication has feature for the type of communication: 1 versus N although the feature of satellite communication can be used also for 1versus 1.

For example, I think that the application to Satellite Internet is very suitable theoretically. However, although each company has tried many things in this field until now, but have not succeeded yet. It may be able to be referred to as having failed rather. I think that the new technical development is required for it becomes successful market in.

In Europe such as organization of SES, it wishes exerting oneself for development of the technology and we are corporation with them on several field of technology development.

We, JSAT, is willing to utilize the technology developed by CRL and expect CRL to exert to develop the satellite communications technology which make the enterprise satellite communication efficiently in consideration of the point is truly successful. Please visit our Yokohama Satellite Control Center and look at the situation that our company also expands equipments and technology aiming at improvement in capability of our Yokohama Satellite Control Center.



Fig. 8: Complete view of Yokohama Satelllite Control Center

Suzuki: I surely appreciate for your further cooperation for the expansion of the satelllite communication services. Thank you very much for your time today.



(Edited by Dr. Susumu

Kitazume)