



TODAY

DECEMBER 1986

VOLUME 1 NO. 4

COMSAT Corporation At Work in Europe

Editor's note: In the November issue of TODAY, Stephen Day, COMSAT General vice president of sales and marketing, stated that big winners in today's telecommunications industry must have a physical presence globally. He listed Japan, Western Europe and the U.S. as markets in which COMSAT Corporation must succeed, if it is to become a global telecommunications provider. COMSAT Corporation has offices in all three markets.

Last month, we began a three-part series, describing the markets and how the corporation works in them. In the first part of the series, we looked at Japan's domestic telecommunications market. Traditionally a difficult market to enter, Japan has begun deregulating telecommunications services, creating greater opportunity for service providers like COMSAT Corporation.

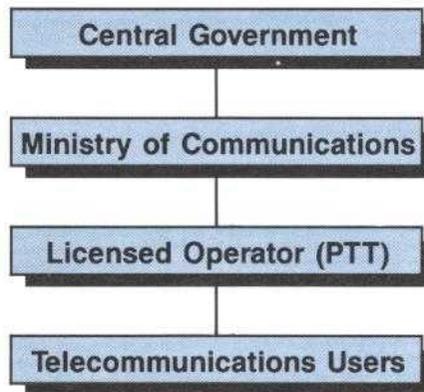
This month, we focus on Western Europe and its decidedly different business climate. Jonathan Collins, managing director of COMSAT (U.K.) Ltd., discusses the market he serves.

Market Characteristics

Collins serves a diverse market consisting of 19 countries stretching from the North Atlantic Ocean to the Mediterranean Sea.

Telecommunications services in these countries are heavily regulated and there is great resistance to change.

(Illustration shows regulatory hierarchy in most European countries.)



It is normally the case that the licensed operator has exclusive authority to own, operate and maintain telecommunications hardware and provide service to end-users. In most European countries, the Postal Telephone and Telegraph agency (PTT) is the licensed operator, making these government-owned agencies virtually "the only game in town."

The United Kingdom is the only European country with more than one licensed operator. It has three: British Telecom, formerly government-owned but recently transferred to public share owner-

ship; Mercury Communications, owned by Cable & Wireless, a private telecommunications firm; and Hull, a local government-based operation serving strictly the local needs in northeast England.

When U.S. telecommunications companies market in Europe, they generally use concepts proven to be successful in the U.S., according to Collins. Since a great deal of the U.S. telecommunications market is deregulated, the companies work to create a similar situation in Europe to stimulate demand for their products.

The technique has piqued the interest of telecommunications end-users and they are lobbying to deregulate the PTTs. "The end-users are convinced that the present PTT monopoly is unhealthy," says Collins. "They're determined to push deregulation, at least to the point where privately owned networks are permissible. So far, no European government has made a decision on the issue."

Collins says France is probably closest to making a move towards deregulating telecommunications services and expects specialized satellite services to become an option because of it. Two other candidates are the U.K., which plans to review the issue in 1990; and West Germany, which could experiment with deregulation as soon as next year, depending on the outcome of the 1987 general election.

Nevertheless, the PTTs find the issue worrisome. Recognizing this
(See Europe, page 6)

PanAmSat Coordination Moves Ahead

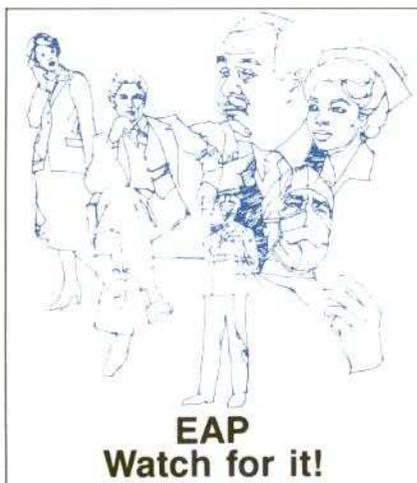
Pan American Satellite Corporation has been seeking the authority to operate an international satellite system, separate from INTELSAT, for most of the year. The prospective "separate systems" provider recently cleared some major hurdles.

Last month, INTELSAT's Executive Organ and Technical Committee approved technical and economic data for the proposed PanAmSat system.

INTELSAT's Board of Governors reviewed the technical and economic recommendations and recommended that five transponders in the system be coordinated at its December meeting. The proposal will be considered by the Assembly of Parties, INTELSAT's ultimate authority.

At press time, a date for the Assembly of Parties meeting was to be set at the December Board of Governor's meeting. To accommodate PanAmSat's current (June, 1987) launch date, the U.S. recommends an Extraordinary Assembly of Parties in January. INTELSAT recommends an April meeting.

PanAmSat is already looking ahead to the time when its services will be available. It has asked the FCC for authority to buy Cygnus, another separate satellite system. Cygnus currently has license to offer Ku-band service in the same orbital slots as PanAmSat's C-band service. 🌐



Early totals look good for United Way

At press time, two of COMSAT Corporation's three Washington-area locations had reported contributions to the United Way campaign. Preliminary results indicate that this may be a record year for employee contributions to the annual fund-

raising effort.

Complete results will be reported when all contributions have been totalled.

The following employees were winners in the corporation's United Way raffles this year:

CORPORATE-WIDE DRAWING

Hockey Tickets — Jerome Penson, COMSAT Labs, Clarksburg
Symphony Tickets — Benjamin Pontano, COMSAT Labs, Clarksburg
Arena Stage Tickets — Randall Yancey, CTP, Merrifield
Dinner for 4, Use of Limousine — Cheryl Moore, Finance, Plaza

PLAZA DRAWING

Redskins Tickets — Larry Westerlund, CSD
Eastern Airline/Loews Hotel Tickets — Lee Lemaire, CICI
Two Vacation Days — Pat Milazzo, CICI
G.E. Color TV/AM-FM radio — Don Flora, COMSAT General
Black & Decker Coffeemaker — George Robertson, COMSAT General
Black & Decker Dust Buster Plus — Juanita Tutt, Health Care Unit
Reserved Parking Space — Terri Powell, Human Resources
Fitness Center Membership — Richard Gibbons, CTS

MERRIFIELD, VA. DRAWING

\$100 U.S. Savings Bond

Bill McGuire
 Hien Pham
 Wayne Czerwinski
 Fred Phelps
 Reggie McCoy

\$500 U.S. Savings Bond

Clay Heflin
 Alan Lofdahl
 Pam Sheets
 Latif Malik
 Zan Le Zuong
 Iqbal Sadiq
 Zosima Plamer
 Ed Bender
 Duong Nguyen
 Gale Davis

CLARKSBURG, MD. DRAWING

Presidential Airlines Tickets — Bob McNally, CTS
Color TV — Wanda McKinley, Human Resources
Color TV — Mark Kappes, Labs
Marriott Hotel Room — Carl Washenko, Human Resources
Redskins Tickets — Harry Evans, SCD
Hockey Tickets — Dave Weinreich, Labs
Brunch for Two — Fred Kelly, CTP
Lunch for Two — Carl Arrington, Labs
Fitness Center Membership — Joann Lee, Maritime Services
Fitness Center Membership — John Geiling, CTS
\$10 Gift Certificate — Elaine Prech, Human Resources
\$10 Gift Certificate — Steve Garber, CTP
\$10 Gift Certificate — Bill Schnicke, ISS 🌐

INTELSAT: Decision Making Takes Cooperation

The importance of INTELSAT in the realm of international telecommunications is well-documented. The majority of the world's international telephone traffic and television broadcasts flow through the system of INTELSAT and its Signatories. Now the group is expanding the reach of its data communications services.

Here's a look at the makeup and administration of the organization.

INTELSAT is made up of 112 member nations. However, approximately 165 countries use INTELSAT services. The majority of non-member users include the Soviet Union and Eastern Bloc countries, and some of the very small African and Asian nations.

Four groups have decision-making authority within INTELSAT:

- The Assembly of Parties, considered INTELSAT's ultimate authority, is made up of government representatives from the member-nations. This group concerns itself primarily with the political effect of INTELSAT decisions on national governments.
- The Board of Governors, currently a 28-member unit, meets quarterly to consider and approve major business/policy decisions.
- The Meeting of Signatories consists of representatives from the 112 operating entities (Signatories) that are the actual owners of the INTELSAT system.
- The Executive Organ, which includes the Director General and a professional staff, manages



INTELSAT's daily operation.

The Signatories' share is largely determined by their relative usage of the system, and is adjusted annually. COMSAT Corporation, the U.S. Signatory, has the largest investment in the consortium — currently about 25 percent. The United Kingdom has a 12 percent share, and the next largest shares fall in the 3 to 5 percent range.

The corporation's investment share entitles it to representation on the Board of Governors. Bruce Crockett, general manager of COMSAT Corporation's Intelsat Satellite Services (ISS) unit, is the U.S. Governor.

Alternate Governors from COMSAT Corporation are:

- Joel Alper, president, Space Communications Division;
- Ellen Hoff, vice president and assistant general manager, ISS;
- William Schnicke, senior director, ISS;
- Maury Mechanick, director, ISS.

The Board generally makes decisions by consensus. Issues on a set agenda are discussed at quarterly meetings. Following the discussion, the Chairman of the Board makes a

recommendation, based on what is agreeable to the Board.

Formal votes are extremely rare, usually involving matters with political overtones. In certain circumstances where a Governor does not agree with a particular decision, but does not wish to force a vote, that person may elect not to participate in the decision.

When formal votes are taken, they are weighted according to the size of a Signatory's investment share. While this means that COMSAT Corporation is quite influential, it cannot block any action by itself. Moreover, given that most decisions are by consensus, the company's influence is more a measure of its persuasive ability than its investment share.

The Board tries not to have international politics affect its business decisions. According to Mechanick, this can be best seen from the composition of some of the groups which have been voluntarily formed for Board representation. One Governor currently represents the Signatories of Iran, Pakistan, Korea and Turkey — a fairly diverse group. The Signatories usually take turns sending a Governor to the Board. Mechanick says the arrangement has worked exceedingly well.

"Governors operate in an environment filled with complicated dynamics," observes Mechanick. "They take direction from their respective telecommunications authorities and work to mesh their interests with 111 others." 🌐

CTP Wins \$10 million VSAT Contract

COMSAT Technology Products has been selected to provide up to \$10 million worth of Starcom very small aperture terminal (VSAT) equipment for the establishment of American Astronet's first teleport. American Astronet, a North Carolina-based telecommunications firm, will provide shared data communications

facilities to businesses in the Carolinas and nationwide through its network control center at the Charlotte teleport.

American Astronet will use Starcom technology to provide high-speed data and one-way video to its customers. The network will use a combination of satellite and fiber

optic backhaul facilities.

Under the terms of the agreement, CTP will provide a network consisting of the Charlotte hub and more than 1,000 terminals to be installed over the next three years. American Astronet plans to begin its shared hub service this month.

(See VSAT, page 4)



Watch INFO Boards for 'Leadership' schedule.

'Leadership' Under Way

Fourteen employees have completed the Interpersonal Skills or Management Support Role series of classes since the Leadership series was launched by Human Resources two months ago.

The six-class Interpersonal Skills series gives managers the foundation of critical interpersonal skills necessary to manage and work with others. The Management Support Role, which consists of five classes, builds the perspectives and skills required for executives to become skill-building coaches for their managers, supervisors and employees.

Both series have been well-received by employees. Dr. Ho Huang, assistant director of the Labs' Applied Technologies Division, called the Management Support Role series "worthwhile" and a good experience for directors. Another graduate, Art Gelven, an acting director in the Space Communications Division, said the series was enlightening. "It opened my eyes to a lot of things, and I'm already putting some skills to use on a daily basis. The course makes you think."

Delores Wright, who recently completed the Interpersonal Skills course, said the training she received helped her to better communicate with superiors and subordinates alike. "This is a much needed course at COMSAT Corporation, and I've been encouraging my colleagues to sign up for it," said Wright, a supervisor in Information Resources Management.

A new schedule for both courses was introduced in early November with 20 employees currently enrolled. Additional classes announced this month will begin in January. Watch "Info Boards" for current listings.

(VSAT, from page 3)

According to American Astronet official Bob Dunlap, COMSAT Corporation was awarded the contract because "the Starcom network is well-engineered [and] we were particularly attracted to how the system software is so easily adaptable to our customer's varying requirements."

Extra 25% Added to Savings Plan

Participants in the 1986 COMSAT Corporation Savings and Profit-sharing Plan as of December 1 will receive an extra 25 cents on the dollar for their 3 to 6 percent pre-tax contributions made to the plan in 1986.

mean to a participant whose annual salary is \$30,000 and who contributes 6 percent, or \$1,800 per year. (See box.) All contributions earn interest on a tax-deferred basis.

COMSAT Corporation's matching

COMSAT Corporation Contributions

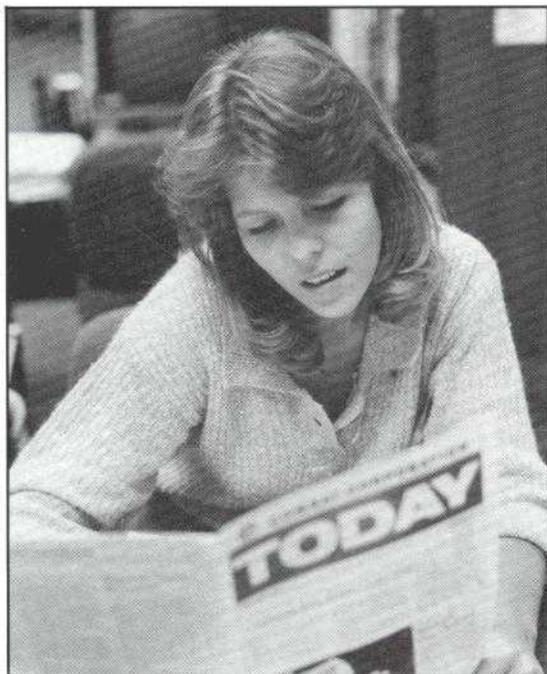
100 percent match of first 2 percent	\$ 600
25 percent match of next 4 percent	\$ 300
25 percent profit-sharing match	\$ 300
Total COMSAT Corporation Contributions	\$1,200
Total Employee Contributions	\$1,800
Grand Total	\$3,000

This special end-of-year match is in addition to the 100 percent match for 1 to 2 percent contributions, and the 25 percent match for 3 to 6 percent contributions, guaranteed by the plan.

Here's what the extra 25 percent will

contributions in 1986 will amount to more than \$3 million, including \$600,000 in profit-sharing matching.

The additional 25 percent match was approved by the Board of Directors last month.



Tina Grier reads an issue of *TODAY*. If you didn't get your copy, call 863-6800.



Calls continue to come into the *Open Line* on topics as diverse as the population of COMSAT Corporation. While most of the calls reflect the concerns of individual callers, earlier this month a rash of calls came in on a single subject: vacation.

On December 11, more than a dozen callers asked if COMSAT Corporation would follow the government's lead by observing December 26 as a holiday. On December 12, the corporation announced that the day after Christmas **would** be observed as a vacation day. On December 13, four employees called the "Open Line" to say thank you.

A lot of calls are still being processed. See January issue of *TODAY* for comprehensive summary of employees' calls and management's responses.

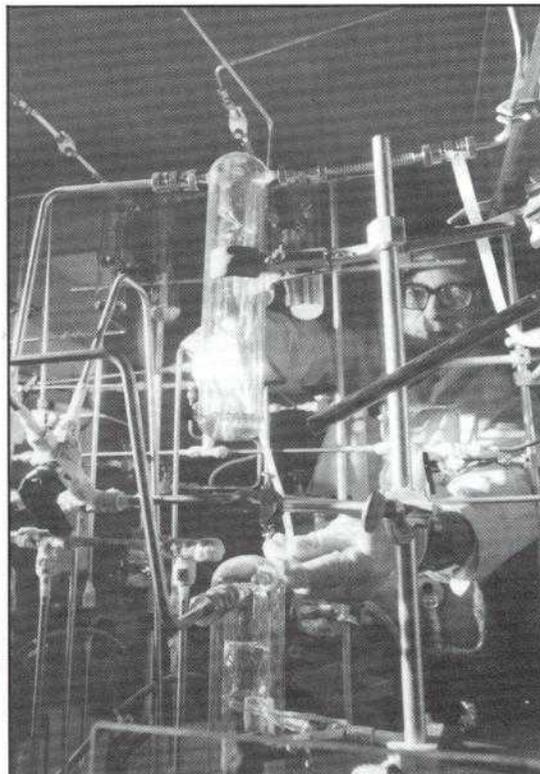
Missing *Today*? Call Tomorrow

You may have noticed that COMSAT Corporation *Today* no longer carries individual name labels. We decided to discontinue affixing them to the publication.

The labels were expensive to produce and to put on the publication. More important, they caused a delay of several days in the production process.

Our goal is to share information with you as quickly as possible. Without the individual labels, you'll be reading *TODAY* today, rather than tomorrow or the next day.

Of course, our goal is for all employees to receive an individual copy of *TODAY* in distribution. If you didn't get your issue, call editor Evette Fulton, 863-6800. She'll send you one today. ☺



Arthur Cornfeld, a staff scientist in COMSAT Laboratories Microelectronics Division, adjusts the control valves on a metal organic chemical vapor disposition system. The system is used to change the electronic characteristics of a material, in this case, gallium arsenide.

TODAY

(Europe, from page 1)

fact helped Collins discover a market niche: selling very small aperture terminal systems to PTTs to operate as a public shared network. This solution lets the PTT offer customers state-of-the-art technology as standard service. The strategy positions the corporation as "an honest broker" — a PTT ally.

Collins believes that the shared public network solution helps satisfy both PTT and end-users' needs. The PTTs can cooperatively link shared public networks to provide transborder service, a requirement they must satisfy to maximize user acceptance while maintaining operating authority. Such networks should satisfy the needs of the major European corporations, possibly easing the pressure for deregulation.

The shared public network solution also translates into potential business growth for other COMSAT Corporation businesses. "With the Shared Data Network starting in the U.S., linking a hub there with one in Europe would provide transatlantic service," reasons Collins. "The PTTs provide the European half-circuit, but there's no reason why COMSAT International could not provide the other half-circuit."

COMSAT International (Overseas) Corporation (CICI's European opera-

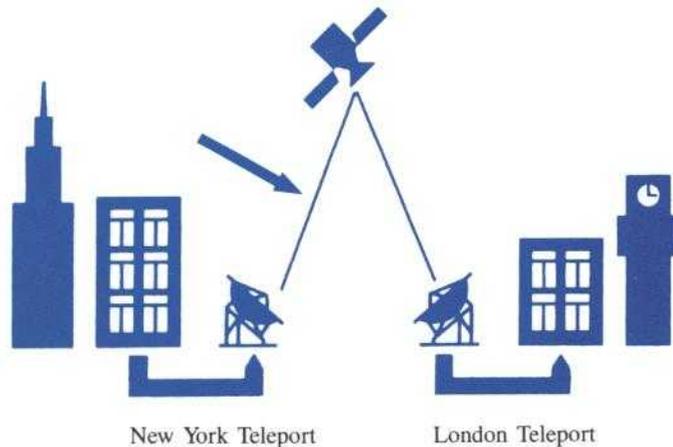
tion) and other international carriers have recently opened European offices and begun marketing half-circuits directly to the European business community.

"PTTs can supply virtually any kind of telecommunications service or product," admits Collins, "so to win in this market, you must be very sensitive to the issues facing each country."

He believes the company can

enhance its marketing efforts in Europe by negotiating local content and technology transfer agreements. Such agreements would allow a standard COMSAT Corporation product to be built in the various countries, boosting their respective economies and placing the corporation in a favorable light. 🌐

Next issue: Conclusion —
Reading the U.S. Market



Arrow points to a satellite half-circuit.