

TerreStar to offer high-speed Internet via a satellite

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By Cantab Wireless

On Wednesday, 1st of July, TerreStar Corporation launched TerreStar-1, the largest commercial communications satellite ever built. TerreStar intends to provide high-speed Internet services, including voice, via their satellite.

TerraStar has signed a roaming agreement with AT&T, which enables customers to use AT&T's terrestrial cellular network wherever this is available and TerraStar's satellite elsewhere. Handsets for TerraStar are developed by Qualcomm and Infineon Technologies. Dual-mode mobile phones will cost about USD 700.

Mobile data and voice services have been offered via satellites before, often with poor results. The first wave of satellite service providers in the 1990's had assumed a much smaller footprint for terrestrial satellite systems. However, once cellular networks became ubiquitous, the potential customer base for satellite systems became too small.

TerreStar will be among the first satellite carriers to offer Internet speeds that are comparable to high-speed WiFi or cellular broadband. That could attract more customers and also make the system eligible for some of the economic stimulus money which has been allocated for high-speed Internet connections in unserved and rural areas in the USA.

However, TerraStar's commercial success will be uncertain. Despite being a more capable system technically, the principle problem remains: cellular networks and broadband Internet tend to expand to all areas where there are profitable markets. Still, it is possible that some government agencies may be interested in a service that will work even if there is no cellular network coverage.

It is good to note that TerraStar is a geostationary satellite, which will only cover the United States, Canada, Puerto Rico and the U.S. Virgin Islands. That is, it will not provide global coverage. This will reduce its attractiveness for some highly mobile users such as shipping and military. Moreover, satellite services are typically not available indoors.

The testing of the satellite in orbit will take until the end of 2009, but after that it will be available for business. TerraStar will have a competitor soon, in the form of SkyTerra Communications. SkyTerra plans to launch two satellites in H1/2010.