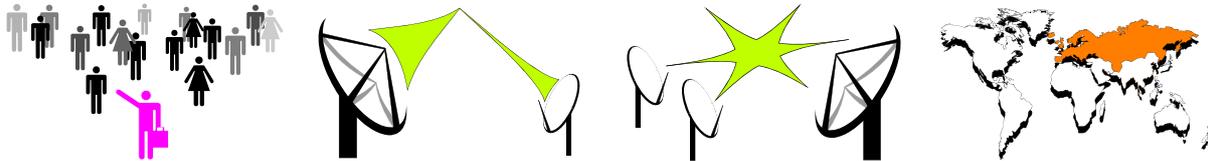


### 1.1.1. Bentley Walker



#### Systems & Facilities:

<p><b>Star:</b> Hughes, HX iDirect, Evolution iDirect, Infiniti Newtec, Sat3Play (Tooway) Hughes HughesNet (HNSE) ViaSat, LinkStar (D-Star) Gilat, 360E (Satlynx)</p> <p><b>Frequency:</b> C and Ku-band</p>	<p><b>Hubs:</b> Bedford, UK (Arqiva) Atlanta, USA (Intelsat) Fucino, Italy (Skylogic) NOC in Hayling Island, UK</p> <p><b>Satellites Used:</b> Eutelsat W1, W3, SESAT, AB1, W3A, W6, W7 / AM22 and Intelsat 1R</p> <p><b>Service Area:</b> Middle East, Europe, Africa</p> <p><b>Install, S&amp;M:</b> Third parties</p>
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#### Commercial Factors:

<p><b>Growth:</b> ~10% (est 2007/8)</p> <p><b>Staff:</b> ~30</p>	<p><b>Capacity:</b> ~ 100 Mbps (estimated)</p> <p><b>Revenue:</b> ~US\$12m (est 2008)</p>
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#### Business:

<b>TDMA Business</b>	<b>Total</b>	
TDMA Installations:	~3,700	Bentley Walker is almost certainly the most successful satellite broadband reseller in the world outside the United States. The company is believed to have sold approximately 10,000 Hughes, Gilat, ViaSat, iDirect and Newtec terminals and informed us that it had about 3,700 subscribers on its various services as of the beginning of 2009.
TDMA Customers:	N/A	

#### Additional Information:

Bentley Walker is a growing, family-run business based in Hayling Island in the south of England. Founded in 1947, the company's origins were in the sale of radio equipment and electronic goods, but during the 1980s it branched out into the provision and installation of satellite television systems, particularly in the Middle East. Over time the company's commitment to providing a good, personalised service won it many friends in the region as well as an extensive network of resellers and partners. When the first satellite broadband services were launched in Europe, many with coverage of the Middle East, Bentley Walker was one of the first to sign up in 1999.

Three things seem pivotal to Bentley Walker's success in the market:

- The company's distributor network was established and extensive.
- The company believes that trust is 90 per cent of the success factor of doing business in the Middle East and this has been consolidated over a long history of providing equipment and service
- The company must be willing to take risk, commit to volume orders and quickly establish a leadership position.

Bentley Walker achieved all of these objectives and, by committing to quantity orders and

innovating and constantly improving its product offerings, it quickly became Europe's largest reseller of these services. It began by selling EasyNet's one-way service and first turned to interactive services when it signed an agreement with Web-Sat in the Republic of Ireland. It sold several hundred Web-Sat terminals but as customers demanded greater uplink speeds it turned to Hughes Europe to provide a hosted service out of its site in Milton Keynes, UK. When Hughes launched its HughesNet service in 2001, Bentley Walker was the first to sign up and soon established itself by a significant margin as Hughes Europe's top reseller.

However, not content with the breadth of service provided by the Hughes broadband platform and seeking greater control of a service, Bentley Walker signed a volume order in 2003 with ViaSat for several thousand LinkStar terminals. It purchased hosting services from the PanAmSat (now Intelsat) teleport in Atlanta as well as the Eutelsat/Skylogic uplinks at Torino and Fucino. Rather than become a conventional Eutelsat D-Star reseller, the company purchased bulk D-Star bandwidth and set about establishing its own network operations and customer management system. By 2004, it won the top D-Star reseller of the year award from Eutelsat. We believe the company has sold in excess of 4,000 HNS terminals and more than 3,000 ViaSat systems. In 2004, the company also added the Satlynx broadband system to its portfolio, targeting the service at the more cost-conscious European market, and later that year it bought a system from iDirect. Initially hosted at Crosat's teleport in Austria, the iDirect system is now operated out of Arqiva's HNO (Host Network Operator) facility in Bedford, UK. Once again, this system is managed from the company's NOC at its offices in Hayling Island.

One of the key philosophies behind Bentley Walker's success has been the belief that customers need transparency in their service. In common with every other satellite broadband provider, Bentley Walker has users which abuse access to the service by taking a disproportionate amount of capacity, thus impacting the performance for others. The company believes that these users clearly have to be throttled, but equally it believes that subscribers should be able to see when and why a fair access policy is applied to their service. Consequently, Bentley Walker maintains a "current abuse" web site where customers are able to see when they are being throttled and, the company claims, this has had a huge impact on the number of calls it receives from affected subscribers. 2006 saw a further refinement to this when the company introduced a messaging system which allows it to warn customers and to maintain contact with them even if their primary service is suspended. We are told that this has helped significantly to cut down churn which remains the single largest issue for the business.

Another area of focus for the company has been in the management of virus infections at subscriber sites. Some providers give users a defined time period – possibly a day – to clean up the infected PC and then, if this is not done, cut them off. Bentley Walker argues that many customers cannot react in time due to a variety of factors and, if cut off, are literally cut off from the internet and the only viable source of fixing the problem. This causes many customers to simply discontinue the service and, the company believes, is a large reason for the high rate of churn that all of these satellite broadband services have been experiencing. Bentley Walker's answer is to quarantine customers who are slow to respond and throttle them back to a trickle service which at least allows them the possibility to download software to fix the problem. Once it is resolved, the company releases the terminal back into the general population. Much of the company's management of its subscriber base is labour intensive, but based on its now long-term experience of the business, it has also developed its own management software to automate many of the reporting and monitoring tasks.

This has just been part of the company's ongoing investment in management and control tools. Early on, it invested in the custom development of a billing and customer management software system which controls every activation as well as past accounts which have discontinued service. The company informs us that it sees a large variation on active sites as customers stop service and then re-start, perhaps due to cashflow or other restrictions. The billing system allows Bentley Walker to manage this highly dynamic

business and is constantly being refined. The company also maintains systems which manage and provide information to its resellers about billing, trouble ticketing and network status. It understands that its success is directly related to the success of its agents and, as a consequence, takes the management of its partnership channels very seriously. For example, every new reseller is required to attend a training course run by the company.

As the business has evolved, Bentley Walker has continued to innovate – adding value overlays to its products which enhance its own management and control of the service as well as add features to the subscriber's connection. The company operates Packeteer, Mentat and NetEnforcer packages, but also makes use of products such as Xbander and UDCast to provide bandwidth on demand capabilities, local caching and mail gateways at customer sites. All this has enabled Bentley Walker to stay one step ahead of its competition – which is legion in this segment of the market – and grow at a very high rate. Bentley Walker's business is believed to have grown between 10 and 15 per cent in 2008 and we estimate its revenues at around US\$12 million in 2008.

In 2007 the company moved its primary focus once again with the acquisition of one of the first HX platforms from Hughes. Having moved steadily up the value chain from pure reseller to managed bandwidth with SkyLogic, as an iDirect VNO and finally an iDirect hub operator, it was little surprise that the company purchased its own hub. Amongst other things, Bentley Walker has been intent on moving with the latest generation of technology and the combination of a platform offering extensive QoS management and the latest DVB-S2 ACM outbound channel capabilities was a powerful selling point. Since installing its first hub at the beginning of 2007, the company has gone on to implement a further five hubs providing service from Afghanistan through the Middle East and into Africa in C and Ku-band. It informs us that it has been very satisfied with the performance and ease of installation of the platform and has received very favourable feedback from its subscribers. The HX has also become the spearhead for Bentley Walker's diversification from pure SME broadband services into higher value corporate networking. Its personal, flexible and responsive service had already won it some converts in the military segment of the market, regardless of the platform it used, but now this area represents one of the company's primary targets for new business along with other types of commercial and government clients.

This evolution of direction as well as its willingness to rapidly move to whichever emerges as the most efficient technology platform of the time, has meant that Bentley Walker's installed base has changed markedly over the years. In terms of the systems currently deployed, we believe that around 40 per cent are now on the company's HX hubs, 30 per cent are other Hughes units, 15 per cent are LinkStar, 10 per cent iDirect and the remaining are Gilat units from Satlynx and Tooway sites from Eutelsat. As time has progressed, it is clear that the company has moved its strategy increasingly to take ownership of the infrastructure it operates over. However, it does not appear to have any ambition to own its own teleport facilities, preferring to co-locate these hubs in different teleports. In this respect, Eutelsat has been a good partner for Bentley Walker, supporting various initiatives that the company has wanted to test out and providing a firm and varied antenna and capacity infrastructure on which to work. For its own part, since Bentley Walker led the way in its first year as a D-Star reseller, Eutelsat seems to have adopted the company as its primary lead into many new territories and technologies.

Since the economic downturn at the end of 2008, the satellite broadband market generally became a harder place to do business. Competition has grown and, despite improvements in efficiency brought about by new systems, the cost of providing service has grown as capacity pricing has risen. Bentley Walker informs us that its own capacity position is healthy and, whilst it has found business to be harder in the Middle East, Afghanistan and Africa continue to exhibit good levels of demand. Both however, are hard places to do business and continue to require a high level of education, although the company has strong relationships in Afghanistan and some key markets in North and West Africa. It has seen a growing need for multi-hub networks with a local gateway in-country coupled with

international connectivity and this is another role that its HX system is likely to play. In all, business is said to be holding up well and there is evidence that the market is beginning to recover. In summary, Bentley Walker has set the pace in the satellite broadband business, it is the company which other resellers would like to be or beat and the most attractive partner for any wholesaler today, but its strategy is constantly evolving and this is one other feature which marks it out from the crowd.

**Contact:**[www.bentleywalker.com](http://www.bentleywalker.com)

Steve Murphy  
IT Manager

Email: [administrator@bentleywalker.com](mailto:administrator@bentleywalker.com)

Neil Denyer  
Sales and Marketing Manager  
Bentley Walker Limited  
116 Elm Grove  
Hayling Island, Hampshire  
PO11 9EH  
England

Email: [sales@bentleywalker.com](mailto:sales@bentleywalker.com)

Tel: +44-23-9246-3943  
Fax: +44-23-9246-1465

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