

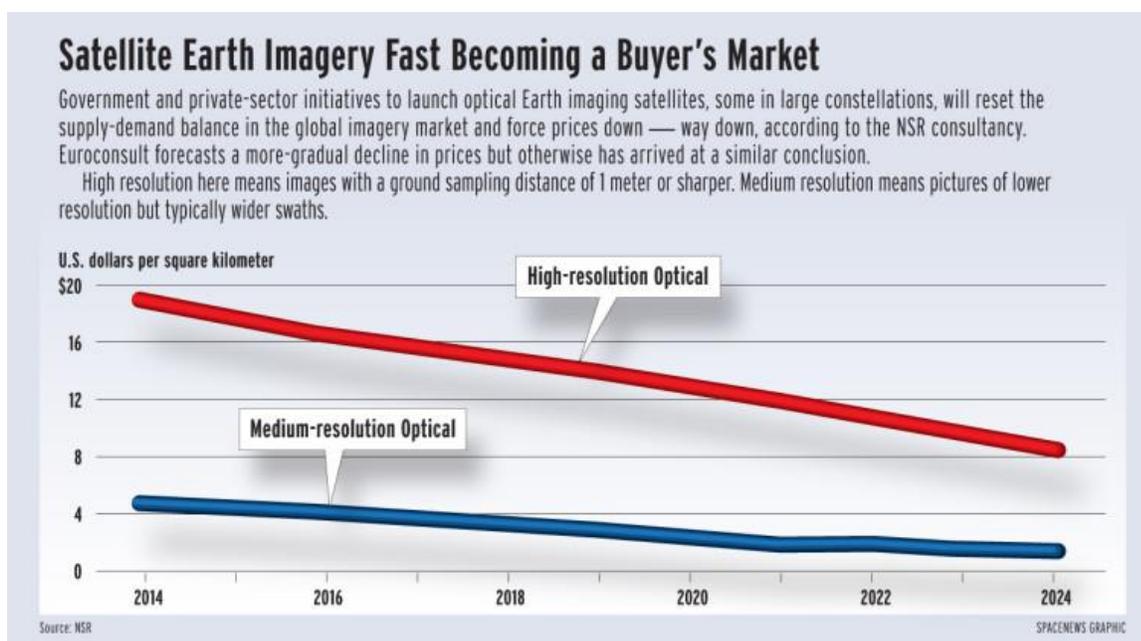
Established Imagery Providers Face Changing Competitive Landscape

by [Peter B. de Selding](#) — September 24, 2015

PARIS — Established providers of optical Earth observation imagery looking over their shoulders at the swarm of new competitors rushing their way can ask their investors to believe growing global demand will be good for everyone, or that they can maintain their revenue base with differentiated products.

Increasingly more difficult is predicting that imagery prices will not fall, and perhaps fall substantially, or that the new arrivals will collapse from a lack of funding or a viable business model.

In addition to the half-dozen Earth-observation constellations announced in the past two years, pockets of demand in the developing world are shrinking with every nation that decides to purchase its own high-resolution satellite for government use.



Industry officials attending the World Satellite Business Week here Sept. 14-18 said Chile, Thailand and Poland are all preparing purchases of sub-1-meter-resolution optical spacecraft. Several Middle Eastern nations are also weighing purchases now that the United Arab Emirates and Morocco have ordered pairs of spacecraft.

One industry official said the Chilean competition features 11 bidders from the United States, Europe, Ukraine, Israel and other nations, including two separate bids from South Korea: one from Satrec and a second from the Korea Aerospace Research Institute.

China, once a big market for Western satellite imagery, in just the past few years has all but stopped buying non-Chinese-sourced imagery now that the nation has its own spacecraft.

“Chinese satellite image quality is very good, even when compared to the number-one provider in the same class,” said Zhou Zi Kuan, director of international business development at China’s Center for Resources, Satellite Data and Applications, CRESDA. “The share of imagery sales from foreign satellites has dropped from 80 percent a few years ago to near zero. And the price of sub-metric data dropped this year. Processing fees have, too.”

Space industry consultancies NSR and Euroconsult disagree slightly on how steep the price drop will be as the new supply arrives, but they both conclude that, with the possible exception of very high-resolution imagery, the market price of a given satellite picture is heading down.

Jeffrey R. Tarr, chief executive of DigitalGlobe of Westminster, Colorado, did not dispute the forecasts, but said companies like his will find success with a unique product set led by 30-centimeter-resolution imagery, which DigitalGlobe is alone in being able to offer, for now.

Tarr rejected the idea that DigitalGlobe is a high-cost provider, saying his products perform work that other geospatial imagery providers cannot do.

“Think about shovels and bulldozers,” Tarr said. “Shovels are vastly cheaper. For some jobs, like working in the garden, they are a better way to go. But if you’re building a road, a bulldozer is a much more efficient tool to get the job done.”

Imagesat of Israel, owned by Israel Aerospace Industries, is launching the Eros-C satellite in 2019 that is expected to offer imagery about equaling DigitalGlobe’s 30-centimeter offer.

But Imagesat Chief Executive Noam Segal said Imagesat believes that many of the new companies coming into the market will be nipping at the heels of companies like his.

“Soon you will have half-meter New Space solutions that cost much less than what we used to provide,” Segal said. “We will have to respond.”

Imagesat’s response, he said, is to leverage the Israel Aerospace Industries connection to diversify into unmanned aerial vehicles (UAVs), especially for urban markets demanding extremely high resolution.

“We recently started offering UAV operations services. I hope that very soon we will have our own platform. The future for us is multi-sensor and multispectral.”

Airbus Defence and Space, with French government financial backing, is developing a very-high-resolution product to be launched around 2019 or 2020. For now, the company appears in no rush to match DigitalGlobe or Imagesat pixel for pixel.

“Of course we want to compete with DigitalGlobe and the others, and we want to grow,” said Bernhard Brenner, head of Airbus’s Geo Intelligence division. “But we are still leveraging assets that are quite young and there is no hurry. It’s not always about imagery resolution.”

Airbus owns and operates the Spot 6 and Spot 7 medium-resolution satellites and has a guaranteed access to the French government-owned Pleiades 70-centimeter spacecraft.

BlackSky Global of Seattle is one of the constellations that looks ready to enter the market soon. The company has financed the construction and launch, in 2016, of its first six one-meter-resolution satellites, with plans for a 60-satellite constellation in a mid-latitude orbit to provide quick revisit times over most of the world’s population.

Jason Andrews, BlackSky’s founder and also founder of small-satellite specialist Spaceflight Industries, which will be building the BlackSky satellites, said that except for military customers, a one-meter-resolution system is good enough for most of the market.

Andrews focused on growing the overall size of a market that, at between \$1.5 billion and \$2.5 billion per year, pales next to the \$100 billion annual UAV market.

“Why is our industry not \$100 billion?” Andrews asked. “Revisit and frequency, price points and user experience. What happens if we put UAVs into space? They are cheap to build and operate and they never need to land.”

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