

4th conference on EU Space Policy

Speech of Newtec's CEO, Serge Van Herck
For the 4th Conference on EU Space Policy "Benefits for citizens and society"
Seventh plenary session "Financial support for space-based assets and services"
European Parliament Hemicycle – Brussels - November 9th 2011

Dear members of the European Parliament,
Dear ladies and gentlemen,

I will give you my view on the required financial support that a typical European SME requires for being successful in the field of Space and more specifically in the satellite communications domain. In order to do so, I will mainly focus on what I believe to be an existing and well functioning European instrument that fosters both innovation and employment within our Space industry, namely the **ESA ARTES program**. ARTES is a long-running and large-scale project from ESA intended to support the development of advanced satellite communication products and services. The satellite communications market is indeed the largest commercial Space application. In 2010 the satellite communications market accounted for more than 70% of the European satellite industry turnover and employment, and for 90% of all European commercial launches.

Before focusing on the advantages of the ARTES program for SMEs, allow me to give some background information on Newtec.

Today Newtec is a Belgian technology company that is focusing on developing, manufacturing and selling satellite telecommunications equipment on a worldwide basis. Our satellite broadcast equipment is being used by a large majority of the satellite operators and broadcasters worldwide, in such a way that we are proud to say that probably over 2 billion people watch TV images every day that somewhere have been transmitted over satellite using our Newtec satellite broadcasting equipment. Next to this, we have developed and launched in 2008 a new technological solution called Sat3Play that enables consumers to have real internet broadband connectivity over satellite at home. Today, SES Astra through their ASTRA2Connect service, is providing a Sat3Play satellite based internet service to over 80.000 consumers mainly in Europe.

Newtec today generates about 50Mio Euro in revenues and we are about 320 persons worldwide of which about 250 are active in our Belgian headquarters and development centers in France and Germany. The remaining colleagues are spread over different countries and regions across the world. We have a

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strong reputation of product reliability and product innovation. Innovation is indeed at the core of our company and is the key for the growth of our company. Today about 40% of our total workforce is active in research and development. It is clear that this ratio of 40% is quite high even compared to other technology companies but we believe this is required in order to be able to stay competitive and to grow our company over time. Our main competitors are coming from two sides:

- On one side we have much larger American companies that benefit from large US defense contracts, which enable them to put a lot of resources into Research and Development that are eventually being paid by the US government. As a European company we have no access to such large contracts.
- On the other side we have Asian players that benefit from much lower wages compared to what we know in European and more specifically in Belgium.

With this competition in mind, you must wonder in the meantime how we have been able to successfully build out our company over the last 25 years.

Well, the answer is simple; without ESA and its ARTES programs, we would not have been able to realize what we have done up to now. Thanks to the ongoing technical and financial support provided by the ESA **ARTES** program we have been able to build a European SME that is being considered worldwide as a technology leader in the satellite communications domain.

So allow me here to **strongly support and promote the ESA ARTES program** as I believe it is indeed a very good tool to support companies and more particularly also SMEs, in any of the company's life stage going from the start-up phase to the maturity phase.

Next to supporting some of our Newtec development projects financially up to 50%, we have been able to benefit from some other key advantages that are only available within the ESA ARTES program and which are not available with for instance the European Framework Programs.

Those ARTES advantages are the following:

- The evaluation teams at ESA and the delegations to ESA in every country, understand the technology you want to develop and understand the satellite communications market you are in. This means that they can provide you with valuable technical and commercial feedback on your development plans.
- They know and understand the challenges of both the satellite manufacturers as the ground equipment manufacturers, and they understand that there is a clear link between both in order to make a successful European space eco system.

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- They are instrumental in helping developing new industry standards that enable a worldwide adoption of satellite communication technology. I refer for instance to the DVB-S and DVB-S2 standards that are widely used for supporting satellite TV broadcasting services.
- The ARTES program allows companies to enter unsolicited proposals. This has the big advantage that you can enter your request for financial support according to your own company planning and needs.
- ARTES also protects the IPRs that you as a company have been able to generate during the development work. For obvious reasons, this is really a key requirement for many commercially active companies.
- Last but not least, it works already for many years quite effectively!

As a conclusion to my intervention, I want to pass on the following message to all space policy makers present in this Hemicycle:

- Please make sure to **keep and strengthen an existing and working financial support instrument as ESA's ARTES program** as it is indeed helping SMEs in Europe to develop innovative solutions for the satcom industry!