*The Panasonic - ITC Global Combination*
# Finding Advantage in Acquisition
### With Ian Dawkins, ITC Global, CEO

It's been nearly four years since Panasonic's acquisition of ITC Global, and since then, there have been momentous changes in remote connectivity markets. HTS satellites now span the globe. Bandwidth prices are falling rapidly. Oil prices have crashed, and the cruise industry has become the leading consumer in the world of VSAT capacity. As a key acquisition in the midst of this market turmoil, the combination of Panasonic and ITC Global is an example of how two companies with diverse resources have bonded together to weather tough times and even prosper. The story is an interesting one, and to find out more about how these two companies with complimentary resources have leveraged their differences to advantage, we met with Ian Dawkins, ITC Global's CEO.

**SMW: Panasonic Avionics acquired ITC Global in March of 2015. Since the acquisitions, what significant synergies have emerged between the two companies?**

Ian Dawkins: There are several areas of advantage resulting from the acquisition, the

most important being our entry into the cruise sector, and the other being our ability to optimize underutilized Panasonic and ITC Global satellite capacity for our customers' and Channel Partners' growing data requirements. As space segment is one of our largest organizational costs, this has resulted in significant cost savings.

Regarding the cruise sector, our passenger solutions utilize the advanced entertainment and connectivity technology of Panasonic Avionics, combined with ITC Global's expertise in designing and installing complex, end-to-end networks.

Together with Panasonic's broadband capabilities and global reach, we provide near 100 percent uptime across 98 percent of the world's maritime traffic routes.

**SMW: At the time of the Panasonic acquisition, ITC Global's markets were primarily oil and gas and mining. Given that there has been little growth in the volume of offshore drilling and mining, what additional products and services have you developed for oil and gas markets to increase revenue?**

Ian: Although the market has been somewhat flat in recent years, we're seeing a lot of promising activity developing in the energy sector – new projects, transactions and requirements. In 2018, we responded to several large RFPs addressing connectivity needs for global fleets – of which we've since won.

We're seeing growth from key customers including Maersk Drilling, Total, ENI, Saipem and several others. We've recently secured a win with an international drilling, well service and engineering company focused on North Sea and Norway operations. In addition, we are supporting connectivity requirements for an oil exploration and development company focused on petroleum resources, as well as a ship and subsea–focused contracting business.

Furthermore, more long-term awards illustrate customers' renewed market confidence. They're no longer focusing on the short-term goal of just getting

through the downturn. In fact, according to a Wood Mackenzie Analyst report from late last year, the world's energy companies are starting to approve an estimated $300 billion in spending on what they're calling 'mega-projects' in 2019 and 2020. That is more than they spent in 2015 to 2017 combined.

In the last quarter of 2018, we added more than 50 new installations, many of which were for brand new customers, and we are already working on another 60 in the current quarter. One of the key trends in the market is that customers are awarding global fleet deals and looking for a single-source provider capable of delivering VSAT, 4G, crew welfare and other value-added services to help realize efficiencies. In particular, we've seen crew welfare requirements present in most of the recent RFPs and awards, which highlights the demand for this service, and the trend appears to be continuing.

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Our crew welfare solution, ITC Crew LIVE, gives companies the ability to remove crew communications entirely off their corporate networks onto one dedicated to crew use, leading to enhanced availability of corporate network resources.

**SMW: I note that both Speedcast and RigNet are adding capabilities in cybersecurity, and RigNet has acquired**

**Intelie, a Brazilian company that uses AI and machine learning shortcut the deep-water drilling planning process. Is ITC Global undertaking any initiatives in these areas?**

Ian: As part of Panasonic Avionics, both organizations share network infrastructure resources and a robust Defense-in-Depth security backbone. The Panasonic security team also automatically and proactively scans the underground hacking community to understand and defend against new and developing security threats, making sure our security posture is on par with many top Fortune companies. We also anticipate the future of network security and we've incorporated artificial intelligence into our intrusion detection and prevention and can apply the autonomous learning capabilities of all security-related devices to monitor network traffic automatically and block it when necessary.

**SMW: I understand you are also involved in supporting the use of industrial automation in the oilfield. Can you tell us more?**

One other area we've been focused on for several specific customers is leveraging our team's experience and in-depth knowledge of industrial automation to support oil and gas operations.

In the offshore environment, we are primarily focused on configuring and controlling processes and software applications in support of remote data transmission.

We program offshore operating systems to manage industrial digital computers that are ruggedized and adapted to control repeatable processes, such as turning off gas wells. This programming is an important element of offshore production activities as implementing and fully managing highly repeatable processes can have positive environmental and safety-related impacts, as well as increasing site productivity and performance. This technology is critical, especially for mature assets that require effective management to keep production profitable.

**SMW: Tampnet and RigNet are competing to deploy 4G in the Gulf of Mexico and the North Sea. Do you have any initiatives to develop 4G in the oilfield?**

Ian: ITC Global currently delivers 4G services and other evolving technologies as part of our

established product portfolio. We are also not limiting ourselves or our customers to solely using 4G or LTE technologies. We are equipped to leverage 5G when available within our portfolio as well.

**SMW: We have heard a lot about the development of the "digital oilfield." Can you describe for us how the use of broadband satellite connectivity has evolved in the last three years and where you see it developing in the next 3-5 years?**

Ian: The concept of the 'digital oilfield' has been around for some time – it seems to be an industry 'buzz' word across the energy sector, but I'm not sure we've seen it fully come to fruition yet.

I do think that we're entering a period where oil companies are going to see their off-site operations transformed. The push for greater connectivity and the use of advanced monitoring stems from the energy sector downturn, where companies were forced to look closely at their budgets and their spending. Everyone had to get smarter and more efficient in order to survive, and that injected new levels of productivity that I'm not sure the sector has ever seen before.

In the future, we're going to see operators expand current efforts to remotely monitor assets and operations in real-time to move more and more staff off of rigs. Increasing amounts of data will be collected and transferred to onshore control centers for processing and review, allowing engineers onshore to supervise activities in real-time without having to actually work offshore.

Shore-based management, of course, requires robust network connectivity and the ability to mine, collect, and make sense of billions of data points to deliver capabilities such as preventative monitoring and maintenance, and to help operators find new productivity and performance insights. In this data-driven environment, critical connectivity links are going to be the key over the next few years. It's no longer just about a reliable pipe, but about helping to enable new opportunities to advance operational performance and effectiveness in real-time.

Applications and technologies such as sensor data, remote video streaming, crew welfare solutions and more will be enabled by a robust, fully optimized, network connectivity. Data tags will be leveraged on both new and mature assets, implementing the latest in IoT and application

technologies to support the increasing volume and complexity of drilling operations and for maintenance oversight to keep production profitable.

**SMW: LEOs will be available in the next 2-3 years, and SES' O3b satellites are available today. Given Panasonic's extensive commitments to Ku-Band GEO, do you envision a LEO offering?**

Ian: We are indeed interested in what LEOs have to offer. They do have advantages for some customer segments but also come with compromises that require further consideration. Because of the way LEOs travel overhead versus GEOs that track a fixed point on earth, multiple satellites are required to provide constant coverage. This difference increases costs for customers, and it is not always the best or most effective solution. We want to ensure that all customers have the most cost-effective, technologically advanced solutions to meet their requirements. So we're reviewing all types of solutions.

**SMW: Can you bring us up to date on your activities in the mining segment? In particular, how have you benefited from the trend in the business to run operations remotely, especially in Australia? Do you expect a significant increase in revenues from this practice in the future, and will the trend toward mining automation to spread to other regions of the world beyond Australia?**

Ian: With three of the top major mining companies relying on our connectivity for their operations, we've been able to gain valuable customer insights into the mining and construction sector.

When it comes to automation and remote control, it's all about increasing efficiency and

improving health, safety and the environment, which are two important goals for our customers. Enterprise clients, including all the niche segments you referenced, are continuously searching for new ways of improving operational efficiencies. Cost savings and improvement in operational efficiencies are now being prioritized at the highest level, and automation is a key element of focus. To support the emphasis on automation, a step-change in connectivity is required.

In that regard, we developed a collaboration with our Australian mining customers to understand their growth requirements and support this. We're also very engaged with them regarding their operations and projects coming up in Africa. We're replicating the success achieved in deploying operations in Australia and supporting our customers' Africa business in parallel.

**SMW: On your website, you mention inroads into NGO and hospitality (hotels in remote locations with poor connectivity). Can you give us some examples of your progress in these markets, and what percentage of your total revenues do these segments represent vs. oil and gas and mining?**

Ian: ITC Global has served the NGO and humanitarian aid sector since 2000, and we're seeing growth across the hospitality market. These segments, along with mining, are what comprise our enterprise business.

While ITC Global does not disclose revenues by segment, we are currently serving more than 400 enterprise customer sites. This does include our mining clients but is a good overall representation of our enterprise activities. Within that 400-site count, we provide critical service to the world's major International Aid Organizations, including Plan International, the Red Cross, and an international humanitarian NGO delivering medical services to conflict zones and countries affected by endemic diseases. This NGO work is something that we're very proud of

and we take seriously because we are supporting the critical work of these organizations.

One customer that likely comes to mind for readers when they think 'NGO' is the Red Cross. For more than ten years, ITC Global has provided VSAT services to the Red Cross in support of its disaster relief efforts. We've developed a fantastic partnership with that organization in support of their Emergency Response Units, and we look forward to seeing it grow.



However, ITC Global doesn't only provide communications following natural disasters and crisis – we provide ongoing support to humanitarian organizations doing life-saving work every day. One such organization that we support in the NGO sector is the Wildlife Conservation Society for which ITC Global delivers communications and networking equipment in support of the organization's conservation and habitat protection activities. We're currently

finalizing a renewal with them now, and just like WCS, we've been able to create flexible solutions to manage logistical and budgetary constraints for many of our NGO customers.

In the hospitality sector, ITC Global delivers service to remote hotels where terrestrial coverage is poor, leaving business travelers and leisure guests with limited access to basic Internet. We recently worked with one such hotel in Papua New Guinea, the least explored country on earth, to deliver improved connectivity with Internet service up to 15 Mbps and more than 99.5 percent availability, enabling the business to better serve its guests. We see opportunities for growth here, as well as across Africa, including African Parks, as interest for remote travel and exotic, far-flung destinations increase.

**SMW: I understand you have had some success in the cruise segment. Can you give us some examples?**

Ian: On the cruise front, we believe that our global, high-availability network, combined with our technical innovations designed specifically to enhance the passenger experience, can deliver a key differentiator for cruise operators. This differentiator has been proven in the positive response and progress in discussions we've seen over the last 12 months within the cruise sector, and with our partnership with TUI Cruises.

We deployed services to TUI's Mein Schiff 1, the first of the sister ships to complete its maiden voyage, in May 2018. I'm happy to say that TUI is pleased with ITC Global's service performance and its end-user experience to-date. We recently completed the installation and deployment for Mein Schiff 2, which just recently joined the TUI fleet in January, with additional deployment plans underway.

**SMW: There have been quite a few acquisitions in the oilfield. RigNet has acquired Cyphre and Intelie, and Speedcast acquired Hermes Datacom and Caprock. Is ITC Global actively pursuing an acquisition strategy, or will you continue to concentrate on organic growth?**

Ian: We've taken a different approach to the market environment of the last few years,

focusing on high-touch service delivery and network reliability. While many providers have looked to acquisitions to manage through some of the slowed market sectors, we've sought to develop partnerships where both organizations can leverage joint capabilities and add value for customers.

From a channel partner perspective, several of our partnerships include comprehensive network connectivity services for our partners and their end customers. This is more than just a network delivery opportunity. It includes satellite network design, capacity and network support.

As mentioned previously, we partner with organizations that have access to niche market segments to deploy connectivity solutions to new customer sets using Panasonic's network. Channel agreements enable our strategic partners to deliver comprehensive HTS network services without having to put significant infrastructure in place to support the complex requirements created by multi-spot-beam satellites.

**SMW: Panasonic and Inmarsat recently**

announced an aviation partnership in which Panasonic Avionics would deploy Global Xpress for use by its new commercial aviation customers. Does this partnership hold any implications for ITC Global? For example, will you be offering Global Xpress in your oil and gas, maritime, NGO or hospitality markets or will the partnership be confined to aviation only?

Ian: The strategic collaboration between Inmarsat and Panasonic Avionics enables the two organizations to combine their highly complementary services and offer broadband and in-flight connectivity solutions to commercial aviation customers worldwide. Panasonic's aviation customers will have access to Inmarsat's GX Aviation broadband connectivity service powered by Global Xpress, the world's first, global Ka-band satellite network.

This agreement explicitly focused on the commercial aviation sector, and as the two organizations start working together in the aviation sector, we are beginning to explore additional opportunities for collaboration within adjacent markets.

At the same time, our customers can have confidence in the fact that Panasonic continues to invest in satellite capacity to support all client sectors. We will continue to operate and expand our global Ku-band network to address customer needs across all the mobility markets we serve, including the energy, maritime and enterprise verticals.

While our leading, global-mobility network highlights our confidence in the benefits and capabilities of Ku-band solutions, we believe strongly in leveraging Ka- as well as C-band when these meet a customer's specific requirements. This is true for both Panasonic and ITC Global.

**SMW: Thank you, Ian.**

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*About Ian Dawkins:*

*In his CEO capacity, Ian Dawkins drives strategic direction and growth for ITC Global, while also serving as SVP of Network Operations for Panasonic Avionics.*

*Ian has held leadership roles in the Aviation and Telecommunications Services industries for more than 30 years.*

*Prior to joining Panasonic, he served as CEO for SITAOnAir, and also spent 23 years in leadership roles at Airbus.*