

Eutelsat Communications allocates \$550 million to Musk Satellite competitor OneWeb

France's Eutelsat Communications plan to invest \$550 million in cash to acquire a 24% equity stake in the low-earth orbit (LEO) satellite startup OneWeb.

This development will guarantee a seat for Eutelsat on OneWeb's board as it overshadows other shareholders, namely the UK government, Bharti Global (an Indian Telecom Group), and Softbank Corp.

The Paris-based operator has majorly focused on providing services for the government and delivering satellite tv worldwide since the deal was announced.

Their satellites are situated on a higher geostationary orbit and do not compare to OneWeb's high-bandwidth and low-latency communications service.

This projected venture is said to be funded from airwaves sales to US phone operators.

Rivalling Elon Musk's Starlink Project

The investment transaction surfaced as Elon Musk, CEO of SpaceX and head of the Starlink project, speeds up installing 650 LEO satellite constellations.

The Starlink system has a web of global gateway stations and an array of user terminals that delivers low-latency, high-speed, and affordable broadband internet.

The system is also designed for reliable connection with the internet of things (IoT) devices. It also paves the way for mass approval and accessibility of 5G services.

It has already launched more than 1,000 spacecraft and has developed a rival positioning system against GPS and the EU's Galileo satellite navigation systems.

OneWeb has also deployed its global network called the OneWeb constellation and will operate 649 LEO satellites. The operator projects that the first generation of satellites will guarantee regional coverage by the end of 2021 and global coverage by next year. By April 2021, it had launched 182 of its satellites.

The Resuscitation of OneWeb

Eutelsat CEO Rodolphe Belmar expressed confidence in OneWeb, citing that the operator has several advantages in its “earliness to market, priority spectrum rights, and evolving, scalable technology.”

OneWeb had a historic turnaround when it filed for bankruptcy in March 2020. The British government and Bharti Global each pledged \$500 million to rescue the company and collaborate on UK's initial sovereign space endeavour.

Despite doubt on the projected profitability of OneWeb, Eutelsat puts faith in the operator as their primary growth engine outside their established broadcast and broadband applications.

Reaching for the Stars

The competition on LEO satellite constellations continues to heat up as Amazon founder Jeff Bezos plans to put up a rival system.

However, OneWeb is confident that its operation will be the first to have a complete non-geostationary constellation capable of global coverage.

Their second-generation satellites are projected to have significant development that positively impacts capacity, flexibility, and economics.

The \$550 million investment from Eutelsat nearly completes the funding required for OneWeb's operation. On top of that, the company has also secured its remaining financing for the following year.

In three to five years, the operational system, with its complete deployment of the constellation, is expected to generate about \$1 billion in annual revenues. This projection remains steadfast given the partnership approach and the kind of business model that the company adopts.