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## Satellite Phones Increase In Popularity After Attacks

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October 1, 2001  
Wireless Week

Most of Jim McKinley's customers are bush pilots and other extreme travelers who take his merchandise into remote regions of the world for legitimate reasons, including climbing, boating or fishing expeditions to Canada, the Amazon and beyond. They rent or buy rugged communications equipment from his Nashville, Tenn.-based Outfitters Satellite Phones to stay in touch with family or to track business from locations where terrestrial infrastructure is rare, unreliable or nonexistent.

Before Sept. 11, most customers were content to buy refurbished satellite phones for about \$400. Since that date, however, McKinley has noticed a change in buying patterns. Suddenly, next-generation satellite phones such as the Motorola 9505, which retails for about \$1,500, are top sellers. "We're selling 9505s like hot cakes," says McKinley, who's been in business since 1995.

McKinley is not alone. Other resellers and service providers report that sales of satellite phones and airtime have risen in the wake of recent terrorist attacks in the United States and the ensuing military buildup.

Everyone—including intelligence agents, emergency relief agencies and mainstream consumers—appears to be reassessing the value of satellite-based communications in the face of natural and man-made disasters. Industry observers say the newfound popularity of the devices could give the once-ailing satellite communications industry a long-needed boost.

When terrorists crashed two jetliners into the World Trade Center on Sept. 11, much of the landline and wireless phone service was knocked out, mostly in Manhattan. Many phone users found it difficult to reach others for days after the disaster. The situation apparently has companies, individuals, relief organizations and local and federal officials re-evaluating their backup communication plans for such emergencies.

"We're all looking to have our communications bullet-proofed. We never want to be unable to communicate. We've seen how vulnerable [phone] networks can be. If you happened to be at Ground Zero during the next attack or earthquake, you'd still need another solution," says independent wireless analyst Jeff Kagan.

In the days following the attacks, Iridium Satellite LLC and its main competitor, Globalstar, a division of the British mobile phone giant Vodafone Group plc, donated airtime and equipment to groups helping in recovery efforts. Both companies report that activations and airtime traffic have quadrupled since Sept. 11. Iridium Satellite, a privately held company based in Leesburg, Va., launched commercial service in March after an investment group acquired the assets of the bankrupt Motorola-backed entity called Iridium. The earlier iteration of Iridium filed for bankruptcy less than a year after launching business and threatened to let its satellites fall to earth before investors made a \$25 million bid for the company's assets. Iridium Satellite now operates a constellation of 66 low-orbiting satellites that float about 475 miles above the earth's surface.

D. D'Ambrosio, Iridium's vice president, says the company was doing well financially even before demand increased following the terrorist attacks. Still, he and other company executives feel vindicated by renewed interest in satellite

communications.

"It's helped us as far as people understanding that the system is very much alive and well, and there's a lot more uses than those foreseen by Motorola," D'Ambrosio says. "The fact that people were unable to utilize the terrestrial networks and they were looking for a solution—that's what Iridium was built around."

The cost of using satellite-based equipment isn't cheap, though. Average airtime costs start at a dollar per minute. But, as D'Ambrosio points out, airtime rates for satellite phone usage have dropped in recent years, paralleling the decreased airtime rates for landline and wireless networks. Airtime on a satellite phone once ran as high as \$7 per minute. Industry experts say that falling prices and a new generation of more streamlined handsets are two reasons nontraditional users are taking a closer look at satellite phones. D'Ambrosio says the financial community has joined the ranks of more traditional satellite phone buyers, including aviation, oil and gas, mining and maritime companies.

Mainstream consumers seem interested as well. "A lot of people never wanted to look at this prior to what happened on Sept. 11," he says.

Meanwhile, McKinley says he's always been vigilant about to whom he rents or sells equipment. In the aftermath of recent terrorist activity, however, he says he'll be even more careful. He believes the events of Sept. 11 reiterate how vulnerable U.S. society is to terrorist attacks from the inside. Though he abhors the idea of infringing on anyone's civil liberties, McKinley believes the country needs to do more to protect itself. For instance, merchants should be able to access federal databases that contain information about suspicious people.

Precautions are needed to ensure that nondomestic customers are able to pay for airtime and equipment.

"We need a mechanism for identifying people," says McKinley, whose 12 employees spend about a third of their time verifying prospective buyers' credentials, including credit card

information and identification documents. Such precautions are needed to ensure that nondomestic customers are able and willing to pay for airtime and equipment. Customers outside the United States are required to supply the company with credit card numbers linked to U.S. banks, or they have to put down large airtime deposits.

McKinley says he's heard that terrorists, mobsters and other criminals have stopped using satellite phones because federal agents are able to listen in on their conversations.

If there is someone to whom the government does not want him to sell satellite phones and other equipment, McKinley says he's more than happy to comply. "If he's a bad guy, I don't want him on my customer list anyway," he says. "There are all kinds of people in remote places who legitimately need this equipment."

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