



Globalisation drives expansion at CapRock

A leading global provider of satellite communications, CapRock has emerged as a market leader in providing reliable communications solutions to its growing customer base in Europe, the Middle East and Africa. Managing Director Ian Ford explains how globalisation in the oil and gas industry has acted as a catalyst for the company's impressive growth

Written by **James Hurley** Produced by **Glen White**

Providing state of the art global satellite communications for the off-shore energy, maritime, construction and mining industries, CapRock Communications uses the latest field proven satellite technologies to provide broadband networking, real time video and digital telephony in the world's harshest and most remote locations. Its communications technology has also been used for disaster applications and by government agencies.

The company has an enormous global infrastructure, encompassing four international teleports and ten regional support centres across the US, Central and South America, Europe, West Africa and Asia. By utilising this infrastructure, along with the technical expertise of its staff, CapRock has established a reputation as the market's reliability leader.



A global service

Providing communications infrastructures to remote locations has historically been the preserve of smaller satellite operators. CapRock, however, has made its name by providing a truly global service that allows its clients to keep their operating systems even if they change locations. The catalyst for this evolution, according to CapRock's Managing Director Ian Ford, is the growing influence of globalisation.

"Globalisation in the oil and gas markets is expanding as never before. This has largely been driven by rising oil prices in general and the crisis in Iraq in particular over the last 18 months. Our business involves following this globalisation - the opportunities are there to follow our clients into remote and developing places where they're placing their project offices and provide them with the level of service they'd expect anywhere else in the world," he says.

As globalisation has continued apace, Ford explains that clients of communications companies have begun to demand integrated global solutions. "People want more than regional coverage and historically that's where the smaller operators have been; in their own small region, covering their own small network. Once globalisation began the key players in the industry started focusing their attention on a couple

of the larger operators who had the global networking presence that allowed them to offer a complete networking deal with comprehensive coverage."

CapRock has adopted a number of strategies that allows it to offer a truly global service, including the development and implementation of its IPxpress Network Architecture. IPxpress enables secure

/// Ford says that the flexibility IPxpress offers its customers is crucial to the continued success of the company ///

portability of customer data and applications across any site in the CapRock network. Customers can move from one location to the next and their applications, IP addresses, and even VoIP telephone numbers will "follow" them to the new location. This process is managed from CapRock's primary Networking Operations Centres in Houston, Texas, and Aberdeen, Scotland, where Ford is based. Additional satellite teleports around the world can be linked into the IPxpress network to extend coverage to even more remote regions. ▣

COMPANY FACTS

CapRock works in six markets: Oil & Gas, Maritime, Construction, Mining & Forestry, Disaster Recovery and Government & Military

The company was founded in 1981 in Houston, Texas as IWL Communications

In 1997, IWL had its IPO and acquired ICEL in Aberdeen

IWL merged with CapRock Communications and was re-branded as CapRock in 1998

The company's Networking Operations Centre (NOC) in Aberdeen was upgraded in January 2007 to include a newly constructed 1,500 sq. meter facility which provides enhanced remote monitoring capabilities for its existing customers and will also provide the additional tools and support needed to meet its growing maritime presence

www.caprock.com

Ford says that the flexibility IPxpress offers its customers is crucial to the continued success of the company in a constantly changing market. "One day you can be operating in the North Sea and the rig can up sticks and move to Angola or Indonesia and keep the same system on board

// We see ourselves as at the leading edge of technological advancement but not at what we would term the bleeding edge. There are a lot of wonder boxes that come out, but we don't necessarily have to employ all of them //

and it can have communications all the way through its transit. It can then bed down in Africa, for example, and still keep the same telephone number. That really helps us with the retention of customers and it's also very cost-efficient for them to do it this way rather than changing to a local provider. Changing equipment is very costly, and getting it on and off the rig causes a lot of disruption. Downtime for changing any type of system will come out of the client's bottom line."

Changing technology & retaining staff

Keeping abreast of changing technology is a vital consideration for CapRock. The company's reputation as the market reliability leader would be compromised, however, if it took a *laissez faire* approach to implementing technological advancements.

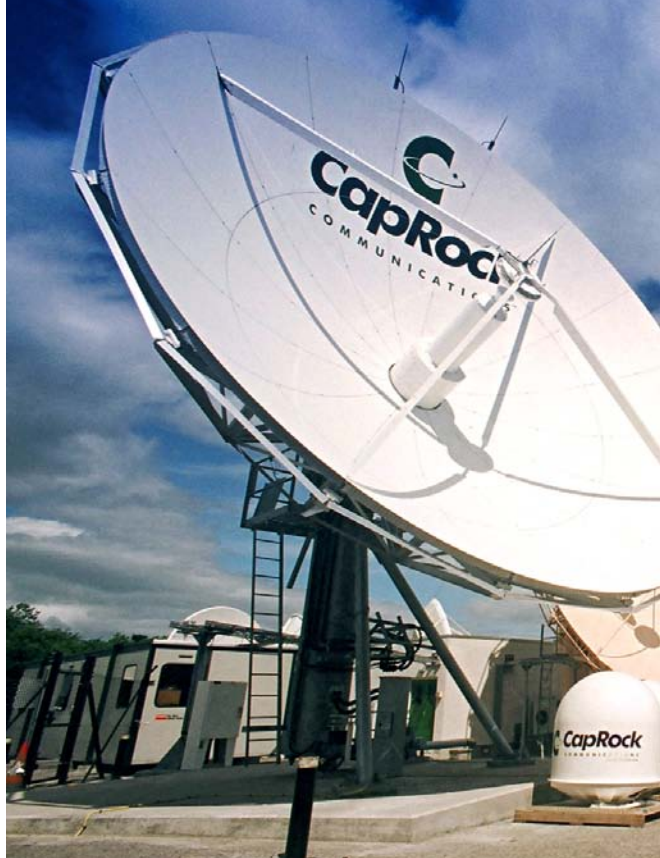
"Technological developments will always come along," says Ford. "We see ourselves as at the leading edge of that technological advancement but not at what we would term the bleeding edge. There are a lot of wonder boxes that come out, but we don't necessarily have to employ all of them. Everything that we do is at the front edge, but it's tested, it's thoroughly engineered. We run a thorough system test before we take anything out in the field with us."

Ford says that CapRock is in front of its competition in most areas. As an example, he explains that while CapRock moved to a new broadband platform five years ago, some of its competitors are only now beginning to move away from the old platforms. "We do see ourselves as being at the forefront of the industry and we're recognised as one of the premium providers on a global scale. As long as we stay up to speed with advancements we'll be there or thereabouts. There will always be people that come along with a new box that will make an impact on the market, but if it is good we'll deploy it on one of our platforms, and should it be successful role it out on a global scale."

While CapRock does partially rely on this policy of testing and implementing useful technological advancements, Ford points out that technology is little use without the trained staff to use it. ▶



Ian Ford,
Managing Director



"In reality, while there are hi-tech elements to the industry, a lot of the hi-tech side, and what we can do with the network relies on knowledge, training and skill. We're only as good as the people we've got. While we're using Cisco, we need people who have worked with that for many years and know exactly what can be done with it. A satellite is 23,000 miles over the globe, so there's a delay factor. Delays always introduce complexity into networking technologies, so again having high quality staff who can deal with that is crucial."

This is an area that remains a challenge for CapRock and other communications providers. "One of the things that we're struggling with," Ford concedes, "is the retention of highly skilled, highly paid staff. Recruiting, training and then retaining them are aspects that we've yet to bottom out."

"It's a hot market for the people with the skills that they acquire when they go through our training and the experience that we provide. It's a small market,

CODAN

As a leading provider of world-class satellite solutions, Caprock Communications looks to its strategic partners for best in class products, delivery and support.

Codan's ability to deliver world class Transceivers and BUCs form part of Caprock's award winning VSAT global solutions that provide essential and reliable communications in some of the world's most remote and harsh environments.

From oil and gas to maritime, for government, military, mining and forestry industries, Caprock can rely on the constant efforts of Codan to deliver communications that its clients can count on anytime, anywhere.

www.codan.com

and the fact that the skills take time to acquire means that if you lose someone you've had for five years, you know it will be hard to replace them. It is a two year cycle before any new recruit is up to speed no matter what qualifications they have."

Supply chain efficiency

If finding, employing and retaining skilled staff all remain problematic for CapRock and other companies in the satellite communications sector, supply chain management is an area that Ian Ford feels the company is developing successfully.

"We have recently developed a supply chain management group. The sourcing of materials comes down to five or six key vendors. We work with them on improving the pricing that we can obtain on volume and on better logistics for delivery. For example, on the delivery of some of the larger antennas which are not easy to transport or store we might get them shipped to an agent somewhere in Kuala Lumpur, rather than taking them through several sets of customs and building and implementing them in hired premises. The ability to work with these vendors and get equipment delivered on site takes out several of the nightmare customs loopholes. Also, boxing and re-boxing equipment can be extremely time consuming and costly. Cutting out these problems is where most of the efficiency has come in the supply chain in this business."

Along with the globalisation process, this improved efficiency has contributed to consistently improved growth at CapRock. "The average growth over the past 5 years has been 58% and in 2003 and 2004 we doubled our turnover". We're starting to see

// The opportunities are there to follow our clients into remote and developing places where they're placing their project offices and provide them with the level of service they'd expect anywhere else in the world //

some of the pay off for some of the investments that we have done in Angola, Brazil and Indonesia and 2007 is going to be another good year. We've started off at a cracking pace and expect to beat all the targets we've set for ourselves so far."

Asked whether he is concerned that the company could become too reliant on what is ultimately a volatile and, in the long term, unsustainable industry, Ford points out that CapRock is engaged in activities outside the oil and gas exploration market. "We have several verticals to stand on. When the oil downturn comes, and it will come eventually, the other verticals will ensure the continuing growth of the company." □