TECH

Hughes Targets Suburban U.S. Customers With Faster Satellite Internet Service

Competition is growing from two directions: proposed swarms of smaller satellites, and a few large, powerful spacecraft

The EchoStar XIX satellite, shown in its enclosure prior to its Dec. 18 launch. Hughes Network Systems plans to use the satellite as the anchor to offer high-speed internet to U.S. residential and business customers. PHOTO: LOCKHEED MARTIN AND UNITED LAUNCH ALLIANCE

By Andy Pasztor

Updated March 7, 2017 6:34 pm ET

Ramping up competition for faster internet-via-satellite links, EchoStar Corp. SATS **0.67%** ▲ 's Hughes Network Systems unveiled a new service projected to double the company's residential broadband subscribers and substantially boost business users within a few years.

Tuesday's announcement focuses on overall faster connections—including higher-capacity video features—provided by a powerful satellite launched last year, combined with capabilities of a number of other spacecraft.

Customers will have download speeds of 25 megabits per second nationwide, which Hughes said currently isn't standard on any other satellite network serving the U.S. Pricing for the new service will start at $49.99 a month for residential customers and $69.99 for businesses. Current plans start at $39.99 a month for 15 megabits per second.

But the move comes as rivals are gearing up to market even faster speeds in coming years, with the anticipated launch of more-advanced and flexible satellite constellations aimed at the U.S. and international markets.

Hughes faces competition from two directions: proposed swarms of smaller satellites, as well as a few big spacecraft featuring greater power and faster transmission capabilities.

But for now, the company describes HughesNet Gen5 as the most capable satellite broadband offering across the U.S.

RELATED

- SoftBank Orchestrates Satellite Deal to Expand Internet Reach (March 3)
- Race Is On to Deliver Internet From Space (Feb. 16)
- Japan's SoftBank Invests $1 Billion in Satellite Startup OneWeb (Dec. 19)
- How to Build Satellites Much Faster—and Cheaper (June 7)

"It will offer more speed for everybody," according to Hughes Executive Vice President Mike Cook, who added that customers won't be constrained by any limits on data. High-volume users, though, will be subject to slower download speeds after a certain point.

Partly targeting suburban areas across the country reliant on outmoded terrestrial connections, Mr. Cook said Hughes expects residential subscribers to double to roughly two million by the end of the decade. Hughes also anticipates subscriber growth in Mexico and Latin American markets, including Brazil, Panama and Chile.

In an interview before the announcement, Hughes officials said the new service, slated to kick off mid-March, will allow faster data speeds to aircraft as well.

But the outlook for satellite internet options is changing quickly, with rival ViaSat Inc. making a major play to offer less expensive plans to customers using next-generation satellites with greater capacity.

ViaSat's newest satellite, scheduled to go into orbit later this year, will cover nearly one-third of the Earth with broadband coverage and have double the capacity of the company's existing service.

In an interview last month, Mark Dankberg, ViaSat's chairman and chief executive, said the design focuses on "making a single spacecraft able to do multiple different missions." From the outset, he said the satellite was intended to "have a lot of flexibility in where the actual bandwidth is allocated."

According to Mr. Dankberg, such a design is best suited to provide high-speed connections from space because “retail demand is very highly concentrated” in and around urban areas. As a result, he sees ViaSat’s satellite able to steer capacity to metropolitan areas where capacity typically “sells out fast.”

An even more powerful ViaSat spacecraft, designated ViaSat-3, will have added flexibility to adjust its coverage area based on shifting demand, according to Mr. Dankberg, while further reducing costs for residential, business and mobile users. ViaSat-3 is slated to go into orbit in mid-2019, with service commencing in early 2020.

Another potential rival on the horizon is OneWeb Ltd., a satellite startup backed by Japanese telecom giant SoftBank Group Corp. , Airbus Group SE and other investors, which plans to launch hundreds of small satellites into low-Earth orbit to provide fast internet connections. Initial service is targeted for 2019.

Hughes, which has invested roughly $50 million in OneWeb to gain access to some of that future capacity, sees promise from both the small and large ends of the satellite spectrum. “We believe in both technologies,” said Pradman Kaul, president of Hughes, and “expect to have both in our portfolio.”

As part of its expansion of aeronautical links, which already cover some 750 aircraft, Hughes is introducing a new generation of airborne services. The company, based in Germantown, Md., is teaming up with Israel’s Gilat Satellite Networks Ltd. to roll out an advanced, high-performance aircraft antenna able to receive different types of satellite signals. According to the companies, advantages include relying on a single antenna on routes that require connecting to a combination of constellations.

Write to Andy Pasztor at andy.pasztor@wsj.com

Appeared in the March 8, 2017, print edition as 'Satellite Internet Gets a Boost.'