

Expanding Opportunities

DigitalGlobe CEO Jill Smith Anticipates a Growing Market for Satellite Imagery, Online Services

When Jill Smith became DigitalGlobe's CEO in November 2005, the company was focused on collecting imagery from its QuickBird satellite and distributing it to users. But her experience in the Internet, software and electronic publishing markets quickly led to the company's recent initiatives: rolling out online mapping applications and on-demand access to geospatial data. The company acquired GlobeExplorer in January 2007 to leverage its extensive library of aerial photos, satellite imagery, geographic maps and real property information, as well as its Web applications and services. Now DigitalGlobe is a few months away from launching the first of its next-generation satellites, WorldView I, which will be followed in 2008 by WorldView II (see "DigitalGlobe's WorldView Program—Building a Successful Constellation," page 30). Earth Imaging Journal Publisher John Hughes and columnist Ed Jurkevics, Chesapeake Analytics, recently asked Smith about these initiatives and DigitalGlobe's plans.

EJ What is the current schedule for WorldView I and II?

Smith: WorldView I is scheduled to ship to the Vandenberg launch site in July, and the current launch date range is August to September. WorldView II is in construction and expected to be ready for launch in late 2008. We're excited about the upcoming launches, especially when you consider that WorldView II is being constructed independent of government contracts.



Jill Smith

EJ What contract(s) will succeed the National Geospatial-Intelligence Agency (NGA) NextView and ClearView contracts?

Smith: Upcoming contracts aren't something we can

share information about publicly, but I will say we have a strong relationship with NGA. The utility of commercial satellite imagery has been demonstrated during the ClearView era, and the demand continues to grow. NGA has been an important ally, and we look forward to working with the agency closely again with WorldView I.

EJ What is the outlook for the international ground station licensing model going forward for WorldView I and II?

Smith: We've received a flood of international inquiries about direct reception from WorldView I and WorldView II with the announcement of our next-generation satellite constellation. Of course, we're happy to discuss the details directly with our customers, but I can't publicly discuss details of our licensing model or the specifics of our offering.

EJ Are DigitalGlobe's European revenues satisfactory?

Smith: I'm pleased to say that international revenue, including our work in Europe, is growing significantly, achieving double-digit growth year after year. Similar to our domestic growth, DigitalGlobe's international growth is based on traditional government demand and emerging interest in commercial applications of satellite imagery.

EJ How will the domestic commercial market evolve?

Smith: This market continues to change and grow every day. In addition to our growing base of traditional geographic information system and remote sensing users, the domestic commercial market will grow as commercial companies continue to assess, understand, integrate and leverage all types of high-quality digital imagery to bring clarity to their decision-making process. For our part, we'll be a leading provider of imagery for business intelligence, customer relationship management, land/site evaluation, personal navigation, location-based services, and asset and fleet management. We'll also address the demand for information-rich raw data for geological, environmental, and physical research and exploration applications. As more applications demand a geospatial component, we're investing in more satellite and aerial capacity, as well as easier ways for users to access our content.

EJ What commercial business initiatives can we expect from DigitalGlobe?

Smith: It's an exciting time at DigitalGlobe. During the past year the company announced significant business initiatives, including the acquisition of GlobeExplorer and the unveiling of plans related to WorldView I and II. Together, DigitalGlobe's high-resolution QuickBird satellite imagery archive and GlobeExplorer's Web-based search-and-delivery applications created a complete solution for acquiring, integrating and distributing all types of high-quality digital Earth imagery and data. I can't comment publicly about potential partnerships and acquisition plans. However, as you can see from our GlobeExplorer acquisition, we're committed to providing complete, easy access to geospatial content, whether through partnerships or acquisitions.

EIJ What do you think of Fugro's recent EarthData acquisition?

Smith: As the market evolves, we'll see continued consolidation driven by the convergence of remote sensing, geospatial and Web technologies. This is a healthy, positive development that highlights the underlying health of the industry. Owning content is going to be one of the keys to sustainable leadership in the market. Accordingly, Fugro's acquisition appears to make strategic sense. DigitalGlobe acquired GlobeExplorer to address new market requirements and growth opportunities.

EIJ What is the cannibalization effect of Google?

Smith: Google Earth has increased awareness of satellite imagery, and that awareness outweighs any shadow of a cannibalization effect.

EIJ How will other Earth imaging satellite launches, such as TerraSAR-X and RADARSAT 2, affect DigitalGlobe's business?

Smith: We view TerraSAR-X and RADARSAT 2 as complementary products to DigitalGlobe's imagery. The offerings will help fuel more awareness and demand for our products, which of course is good for our business

and customers. We don't anticipate competing with these platforms, but may selectively partner.

EIJ What about 1-meter systems from Kompsat, Formosat, IRS and Imagesat?

Smith: There's a capacity shortage for imagery and imagery opportunities, and these systems help fill rapidly growing requirements, especially from emerging markets. However, new requirements for more complete, easy-to-access content and integrated capabilities will change how players in the geospatial market compete. DigitalGlobe's ownership of satellite and aerial content and distribution capabilities enables us to provide uniquely targeted geospatial solutions to a broad range of customers.

EIJ Is there any way to significantly reduce the costs of systems-on-orbit after WorldView 2?

Smith: Potentially. We look at every step of the process to reduce costs, but I can't comment on specifics.

EIJ What's the company's growth and profitability outlook?

Smith: During the last three years, DigitalGlobe has experienced double-digit

growth and has been profitable since 2003. We anticipate even more accelerated growth during the next few years with our strong foundation in the commercial and defense and intelligence markets based on the extraordinary performance of QuickBird, the additional capacity we'll gain during the next 20 months with the launch of WorldView I and WorldView II, and the uniqueness of our position as the only provider of geospatial solutions that owns content and distribution.

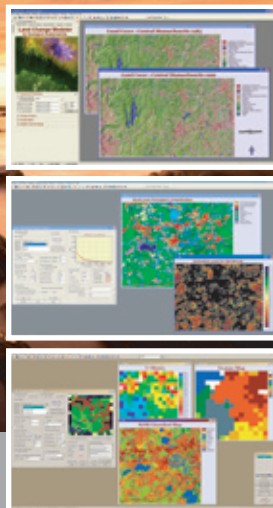
EIJ What mix of debt and equity was used to finance WorldView I and II?

Smith: DigitalGlobe is privately held, so we don't disclose specifics in regard to revenues and the financing of products. In general terms, with our strong financial performance and unique market position, we were able to finance WorldView I and WorldView II with a mix of revenue and financing.

EIJ What's the outlook for an initial public offering?

Smith: Our focus is on building a long-term, sustainable, high-growth business to drive value for our shareholders. To date, we've been successful on all counts, and anticipate continuing to do so going forward. **EIJ**

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