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[Search »](#)

[HOME](#)

[ABOUT SSPI](#)

[CHAPTERS AND GROUPS](#)

[EDUCATIONAL PROGRAMS](#)

[EVENTS & AWARDS](#)

[MEMBERSHIP](#)

[LATEST NEWS](#)

[MEDIA & PUBLICATIONS](#)

[MEMBER EXTRAS](#)

[CAREER CENTER](#)

[COMMUNITY BLOGS](#)

## Interview with Kjell Karlsen, President, Sea Launch AG



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- » [Profile Home](#)
- » [Public Profile](#)
- » [Manage Profile](#)
- » [Groups](#)
- » [Networks](#)
- » [Files & Links](#)
- » [Favorites](#)
- » [Messages](#)
- » [Connections](#)

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» [SSPI 2013 Board of Directors Slate](#)



*Sea Launch AG, headquartered in Bern, Switzerland, provides launch solutions to the industry's satellite operator community based on the Zenit launch system. These services include the provision of all-inclusive launch services incorporating schedule assurance, financing, risk management; insurance and creative contracting solutions to meet the changing demands of the commercial launch market. The Sea Launch system offers the most direct and cost-efficient route to geostationary orbit for commercial communications satellites, providing diversity of supply, affordability and flexibility for the industry's satellite operators.*

### Q1: So far, 2013 has shaped to be a challenging start for Sea Launch. Where are you in your February 1st failure investigation?

The failure was a very unfortunate incident but Sea Launch will work through this challenge. The Russian and Ukrainian Commissions formed after the failure have completed their investigation, analysis and testing and have finished their report. We will do everything in our power to get to a root cause determination, implement the recommended corrective actions of the Failure Review Oversight Board (FROB) committee, make the changes necessary to ensure that the work-in-process vehicles are rechecked as necessary and we get back to a launch-ready position. The FROB is beginning their meetings in Moscow and Dniepropetrovsk, Ukraine the week of April 22nd to review the Commission's findings alongside a group of independent experts, and customers. These meetings are expected to last through the week and we anticipate that the FROB will issue its report in mid- to late May. The FROB report will then be presented to the insurance customer communities.

### Q2: What trends are you seeing in the launch services market?

One continuing trend that we see is that more and more of the customer's make their selection of a launch service provider at an earlier stage. This is done to ensure they secure their preferred launch opportunity as soon as the satellite is estimated to be completed. In the past, customers would tend to wait as late as possible, today, this picture has changed and they are increasingly making reservations earlier and in many cases for multiple satellites. Furthermore, they expect the launch services provider to provide a flexible solution with regard to payments and contractual terms. With regard to the offering itself, we do see the continuing trend in our lift-segment of heavier, larger, more powerful spacecraft, which will necessitate investments in upgrades for the launch providers going forward.

### Q3: What has Sea Launch done to position itself to compete? How are you benefitting from your Russian ownership?

Sea Launch has always prided itself on provided a dedicated launch configuration that allows for the launch of one spacecraft per launch. We offer a robust vehicle, even with the February 1st failure, with a very good reliability record. We provide the customers excellent insight into the production of their vehicle, and incorporate their participation in production and mission assurance reviews in the production process. The oversight provided now by RSC Energia, one of the premier space integration companies in the Russian Federation, has also added to the customer community's confidence in the Sea Launch offering. We strive to be successful at every step of the way, and RSC Energia's ownership will contribute to that success.

### Q4: Are there any planned changes to the configuration of the Zenit-3SL in the coming years?

Given the need for larger and heavier satellites, we have developed a concept, capability and detailed plans on a development program that will increase the lift capability and spacecraft size that Sea Launch can launch. The upgrades being evaluated are low-risk; primarily incremental changes based upon identified mass reduction opportunities to the vehicle, together with improvements to the envelope of our fairing. This will not only enable us to lift heavier satellites, it will also give us the possibility to launch dual missions of the latest generation small satellites, direct insert larger satellites and generally increase the address the overall addressable market for our vehicle. We anticipate that with RSC Energia's leadership in instituting these upgrades, we should be able to offer an "Enhanced" SL vehicle in mid-2016 period.

### Q5: What are your hopes for Sea Launch over the next couple of years? What are the key challenges you face?

We want to get back to launching on a regular basis again, continuing to innovate and play a role as a strategic partner to the industries satellite operators. After a solid performance in 2012 with 3 successful launches resulting in a positive EBITDA, our goal is to get back to tempo in 2014 and going forward strive to launch at least 4 times per year. Through the ownership position of RSC Energia we would like to gain access into Russian launch markets that previously have been closed off to Sea Launch.

The challenges we face are the same as every other launch provider face, managing the cyclical in the commercial market, responding to increased levels of competition and delivering a launch service experience for our customers that exceed their expectations. However, we believe that with our greatly improved balance sheet, the experience and dedication of our employees and the highly proven Zenit-3SL launch system, we are well situated to face these challenges.