

From Dealer to Producer

Alexander Wiese

Fortec Star was started as a commercial enterprise. But soon this was just not enough: they began a cooperative effort with a Korean manufacturer and marketed a receiver under their own brand name. Office space was leased in Toronto in September 2001. They started with four employees and are now at six. Their headquarters is actually in the city of Mississauga but it is a suburb of Toronto and is located right next to Toronto's Pearson International Airport.

Why Toronto? "It could have been anywhere in North America", explains David McGrath, Fortec Star's Canadian-born General Manager. "When our president wanted to open an office, he simply flew to Toronto. He came to like the city and decided to start Fortec Star here."

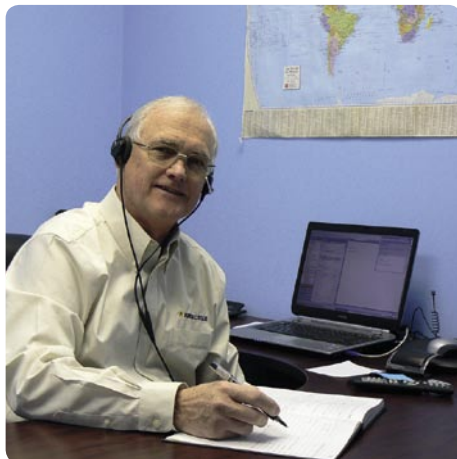
But this arbitrary choice turned out to be quite advantageous. A good portion of their sales happens to be in Toronto. "The FTA



Unit 8 is the section of this long commercial building at 2780 Skymark Avenue that runs parallel to the main Eglinton Avenue East and that contains Fortec Star's offices. The warehouse is located in a different complex by a service provider.



General Manager David McGrath points out the location of their distributors on a map of the USA.



Don McEwen, North American Sales Manager, is the contact person for the distributors and is also the organizer for their visits to the SBE trade shows in Atlanta and Reno in 2007.

product market in North America is divided into three niche markets", explains David McGrath of the local situation. It has mostly to do with the ethnic market, that is, the freely available foreign-language programming for immigrants. In Canada, these customers are for the most part concentrated in Toronto, Montreal and Vancouver. In the USA they are located mostly in California, a state with as many inhabitants as all of Canada, as well as Florida, Texas and New York. Roughly 65% of their sales are associated with products for the reception of foreign-language channels.

"We work with only about 30 distributors", comments David as he describes their business model, "These distributors then sell to local dealers and installers." David gave us some more insight: "When we started in 2001 in North America, there were only about 75 FTA channels that could be received. Now it is more like 275 channels in the Ku-band."

Another very important source of business are the religious channels that make up about 25% of their sales. "For the Glorystar network, we offer the Mercury II satellite receiver model with these channels already preprogrammed into it."

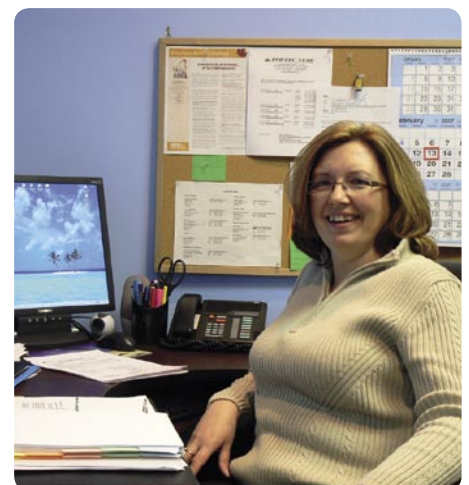
There's even a third business source, namely receivers for special applications such as for satellite reception in aircraft, or cable network reception and, last but certainly not least, the satellite hobbyist market.

Don McEwen, North American Sales Manager, provides some insight from his point of view: "65% of our sales are of the Mercury II

receiver." This model comes with an NEC chipset and has been available since April 2006, shortly after the introduction of the Lifetime Classic receiver (Thomson chipset) in February of 2006. The distribution of Fortec Star's first and highly successful blind-scan Lifetime Ultra receiver, first introduced in 2002, was stopped towards the end of 2006.

In addition to receivers, Fortec Star also offers a line of LNB products as well as the complete family of STAB motors.

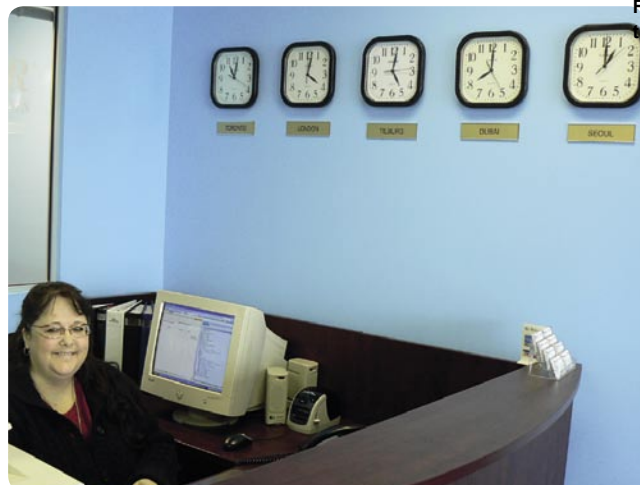
What should we expect from Fortec Star in the future? David McGrath lets us in on something new: "Fortec Star has an interest in



Fortec Star does not deliver any products COD. Masie Gillingham keeps an eye on the accounts receivable and closely watches the accounts payable.

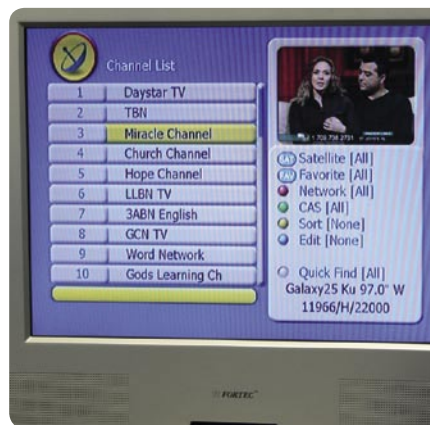
an R&D firm in Korea." This will make it easier for this company to develop region-specific products. "In the summer of 2007 a new FTA box will be released; a less expensive version of the Mercury II. In the fall there will be a receiver with embedded CI and shortly after that we will have an HD receiver – first a satellite version followed by a combo box with terrestrial reception."

Wow! Fortec Star sure has a lot of new products coming down the pipe! This will certainly add to the leadership position they currently have.



Office administrator and telephone receptionist is Shirley Mosher. She also handles the customs documentation for product exports to the USA. The clocks on the wall show the time at other Fortec Star locations.

Fortec Star's satellite dishes are on the roof and hardly visible. The two dishes to the left are 90 cm models, one of which is operated with a STAB HH90 motor and the other with a STAB HH120 motor.



The menu of a Glorystar preprogrammed receiver. The channel list is preset to the religious channels that this provider has under contract.

The center dish is fitted with a monoblock and aligned with the 97° and 101° west positions while the upper 65 cm dish is installed with a STAB HH100 motor.

To the right is another 65 cm dish with STAB HH 100 motor as well as another dish for the reception of the Canadian Bell ExpressVu service on 91° and 82° west.

The UHF antenna is for reception of the five HD channels from the CN tower plus the 10 HD channels transmitted from Buffalo, New York on the opposite side of Lake Ontario.