

Amazon hopes its acquisition of Facebook's satellite internet team will allow it to compete with SpaceX

Article

The news: Amazon has silently acquired a Facebook team working on **satellite internet connectivity**, according to The Information. The team, which consists of over a dozen physicists, optical, prototyping, mechanical, and software engineers, moved over to Amazon in April and has since been helping the company develop its **Project Kuiper** constellation of low-Earth orbit (LEO) satellites. Amazon apparently wanted to keep the news quiet—as part of the deal, Amazon reportedly paid to have Facebook seal the agreement.

More on this: Facebook had reportedly spent **around** six years developing its own in-house satellite internet project called **Athena**. At one point, Facebook had plans to **spend** as much as **\$1 billion** on an effort to launch and provide satellite internet connectivity to underserved areas of the world, though that project was scuttled due to a perceived lack of a near-term path to profitability.

How we got here: Last summer Amazon **received** FCC approval to operate a network of 3,236 LEO satellites, **but it has yet to launch a single one**.

- Meanwhile, Amazon's biggest competitor **SpaceX** has charged ahead, **launching around 1,800 of its Starlink satellites since 2018**.
- Competition is heating up outside of the US as well: Earlier this year, the Chinese government **created** a state-backed company called the **China Satellite Network Group Co** with plans to operate a 13,000-satellite broadband constellation.

The takeaway: The Facebook team acquisition will inject Amazon with the expertise and resources needed to quickly play catch up with its competitors.

Though the satellite internet race is still young—satellite internet companies are **expected** to launch upwards of **46,000 satellites into space over the next decade**—Amazon needs to start building out its constellation before SpaceX gains an insurmountable lead. For context, Starlink has already started offering beta test versions of its internet service (with **mixed reviews**) and **claims** it will be able to provide global coverage by the end of the year.

The opportunity: According to our **forecasts**, **global internet users are expected to increase from 4.25 billion in 2021 to 4.61 billion in 2025**. Many of those new users will be located in developing, often rural areas—the prime demographic likely to benefit from satellite internet connectivity.

SpaceX is Dominating the Satellite Internet Race

Satellites launched as of May 2021



Source: Union of Concerned Scientists, "UCS Satellite Database"

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