

Friday, October 12, 2007

Skyway USA shoots for the stars with satellite broadband service

Business First of Louisville - by [Sarah Jeffords](#) Business First Staff Writer

George Dick, CEO of Skyway USA LLC, demonstrated how users of his company's satellite broadband service can install and "find" the satellite themselves using a skybeeper and earpiece.

Millions of rural households across America have yet to transition into the age of high-speed Internet access, often because cable providers and phone companies have not invested in the infrastructure to take their services to more remote areas.

But satellite broadband has emerged in recent years as another option for those coping with slower dial-up service.

Louisville's **Skyway USA LLC** is gearing up to become a dominant player in the field. The company offers a satellite broadband package that customers can purchase online and install themselves.

At an initial cost of \$124 for equipment and service activation, plus a monthly service fee -- \$29.99 for the entry-level package -- the company is touting itself as a low-cost alternative to existing satellite Internet providers such as WildBlue and Hughes Network Systems LLC.

WildBlue's entry-level monthly fee is \$49.95 with an upfront cost of \$328.95 for equipment and installation. Hughes' monthly service costs \$59.99 with a \$299.98 equipment and installation fee.

Rates for all companies, found on their Web sites, include promotional discounts.

Operating in trial mode

So far, about 450 customers nationwide have signed up for Skyway's service. But CEO and investor George Dick said he believes that is just the beginning. Many customers signed on during a trial phase that began when company founder and president Dwayne Hay formed Skyway in March.

Since then, Skyway officials, including Dick -- who became CEO in July -- have focused on fine-tuning operations.

Technical equipment, which is manufactured in Sweden, has been tested. Billing systems have been implemented and a customer-service center and warehouse has been established in Jackson, Ky., southeast of Lexington.

Plus, Skyway has had a capital infusion, about which company officials declined to release details, and it brought on new advisers, including:

- John Bohn Jr., former owner and president of Holdaway Medical Services Inc.;
- Daniel Mongiardo, a physician and candidate for Kentucky lieutenant governor in the upcoming November election;
- Merrily Orsini, managing director of marketing and communications firm Corecubed;
- Bill Strench, a member of the Frost Brown Todd LLC law firm;
- Gerald Tyrell, who has held leadership positions with First National Bank of Louisville, Porcelain Metals Corp. and now Venture Resources Inc., a business brokerage firm.

Skyway is poised for a major launch of the service on Nov. 1, when it will roll out a dealer program and aggressively target not only residents in the Bluegrass, but also customers across the country.

Starting from scratch

Hay and his brother, Michael Hay, founded Skyway in 2003 in Jackson after spending more than two decades as distributors for satellite TV.

Then, the company took a dive when the satellite provider it had contracted with went bankrupt, leaving Skyway with customers but no service.

Attempts to reorganize the company through a reverse merger that would take the company public proved to be a wrong move.

Dwayne Hay chalked it up as a learning experience and chose to seek private investors.

The ensuing series of events is a lesson in how relationships can help get the deal done.

Hay put in a call to former classmate and friend Mongiardo, who contacted longtime business acquaintance Don Smith, retired president and CEO of international business consulting firm Smith & Co. LLC.

Smith contacted Dick, a former employee of his who now owns Four Colour Imports Ltd., a Louisville printing company.

Smith, chairman of the advisory board, also has been instrumental in pulling together the collective expertise needed to take the Skyway concept forward -- and not at a snail's pace.

Goal is 1 million customers in five years

Projections call for 10,000 customers within six months. Within two years, that number is expected to jump to 100,000 customers, and 1 million by 2012.

Company officials think they can sell as many as 5,000 systems per month via the Internet by using search-engine optimization techniques that will push the company's Web site higher in Internet searches.

Although it sounds lofty, it's a realistic goal, according to one adviser.

Strench, who concentrates his law practice in the venture capital and financing sectors, said he has "scrutinized the numbers," and believes Skyway officials are on target.

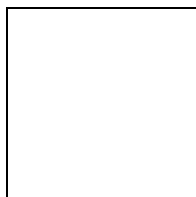
"There clearly is a demand for this type of product," he said. "When you talk about Internet service, it's almost like TV -- an essential of a household."

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So finding the right marketing approach will be crucial, along with establishing a strong distribution network.

But Strench believes Skyway officials have an opportunity to leverage a lot of local talent. "I'm real impressed with the people who have affiliated with the company," he said, adding that the caliber of the management team and advisory board influenced his decision to join Skyway.



Skyway USA LLC

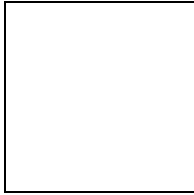
Business: Provides satellite broadband service to rural areas

Headquarters: 10900 Plantside Drive, Suite E

CEO: George Dick

Employees: 16, including eight in Louisville

Web site: **www.skywayusa.com**



How it works

Skyway USA leases satellite space from SES Americom, the North American subsidiary of Luxembourg-based SES Global.

In addition, Skyway and Canadian partner Business Television co-own an "earth station" in Toronto. The teleport complex transmits information to the satellite.

Those two relationships allow Skyway to offer the satellite Internet service to rural households without having to build out a technical infrastructure.

To activate the service, customers receive a self-install kit with an external modem. For now, the service goes through customers' landline phone connection. A technology upgrade is in the works that would avoid tying up phone lines.

The kit also includes a skybeeper, a proprietary device used to "find" the satellite.

The equipment is manufactured by companies in Sweden and then shipped to Skyway's Jackson, Ky., warehouse.