

## Dishing out Internet service

*SkyWay USA ramps up for influx of new high-speed DSL subscribers*

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When Louisville businessman Ron Turnier found he couldn't get a broadband Internet connection for his weekend lake house in Edmonson County, he tried dial-up service -- for about a month.

It was "so incredibly slow," said Turnier, president of produce-supplier Creation Gardens. "I can't sit there and wait 15 minutes for the weather page to come on."

Next he tried to order service from one of the big satellite-based Internet providers, but it was "a very expensive system, and they just kept having problems" with equipment delivery.

But about three months ago, Turnier heard about a Louisville-based company, SkyWay USA, which promised broadband access almost anywhere in the nation with a simple installation and for less money than HughesNet and WildBlue Communications, the two large satellite Internet services.

After a relatively quick and easy setup, Turnier had high-speed Internet service at his weekend getaway -- where he still wants to keep tabs on business operations, accessing his computer network in Louisville over the Internet.

"I'm in the loop no matter where I am," he said. "I can be as productive at the lake house as I can at the office, and that is nice."

Turnier is part of what SkyWay Chief Executive George Dick expects will be come a torrent of subscribers signing up for the service as the company ramps up its sales and marketing in the next few months.

SkyWay has about 300 customers now, but by October 2008, it expects to have 50,000. After two years it anticipates 200,000 customers, and in five years, it projects a customer base of 1 million.

Across America, 25 million homes don't have access to a digital subscriber line (DSL) or cable Internet, Dick said. "Our mission at SkyWay is to end the wait for those rural Americans."

SkyWay was founded in Jackson, in Breathitt County, about three years ago by brothers Dwayne and Michael Hay, who owned a satellite-television equipment distribution business.

The Internet company soon hit a roadblock when the business that provided its satellite service went bankrupt, Dick said. Skyway held on to about 300 of its 500 customers by securing

temporary satellite service from two other suppliers, but it "languished for a couple of years while they sought to raise investment capital," he said.

Now, after lining up several private investors, bringing Dick in as chief executive officer and moving its headquarters to Louisville, SkyWay is poised to grow again, he said.

SkyWay currently sells service from its Web site and telephone sales center, and it plans to add as many as 1,200 dealers in the next two years by linking up with rural satellite-TV dealers. "They know where these customers are located. They have their addresses. And we believe they're going to be a very strong sales channel for us," Dick said.

Sales are focused exclusively on rural regions or areas where other forms of high-speed Internet aren't available, Dick said. In fact, before signing up a customer, SkyWay will check to make sure that DSL isn't already an option, he said. If it is, "we direct them to that provider, because their service is generally faster and better" than satellite.

SkyWay believes it can compete with HughesNet and WildBlue because its service and equipment cost less, Dick said. WildBlue plans start at \$50 per month. HughesNet starts at \$60. SkyWay offers plans starting at \$30 monthly.

In addition, equipment for SkyWay's competitors can cost from \$300 to \$500, Dick said. After rebates, SkyWay's dish and modem are available for about \$100.

"Many rural Americans cannot afford those high costs for Internet access," Dick said. "We believe that we have now got a product that will allow any rural American that wants to get on the information superhighway access to the Internet at an affordable price."

SkyWay is cheaper in part because it uses a hybrid system of Internet access.

The other satellite Internet services provide two-way communication directly to the satellite. With SkyWay, downloads come in at high speed from above, but outbound communication from the user uploads travel over a slower dial-up connection.

Since most communication to the satellite, such as e-mail messages or requests for a Web page download, involve small packets of data, the system typically works smoothly and quickly, Dick said. But attempts to upload a large file, such as a multi-megabyte photo or audio file, will bog down.

Brian Mefford, president and CEO of ConnectKentucky, a public-private partnership working to expand high-speed Internet access throughout the commonwealth, believes SkyWay could be a valuable addition to the broadband options. It may find, however, that its largest markets are located outside its home state.

By the end of the year Kentucky expects to have broadband coverage through DSL, cable and fixed-wireless services over about 97 percent of the state. "In that remaining 3 percent, we're eager to find solutions like this," Mefford said. "To have another choice that has a lower price point, from our standpoint, that's a good thing," he said. "Kentucky should be the first state to claim that we have 100 percent broadband availability."

For SkyWay, "the opportunity for them nationally is huge. There is still a very significant portion of the population in rural areas that don't have a single broadband option," Mefford said.

SkyWay bases its executive offices, phone sales, dealer operations and front-office functions in Louisville. Its equipment warehousing and shipping, customer service, installation and technical support operate from Jackson.

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