



KATHLEEN LAVINE | BUSINESS JOURNAL

Lisa Scalpone, WildBlue Communications' vice president of legal and government affairs, and Erwin Hudson, chief technology officer. Scalpone went to Washington, D.C., to lobby for stimulus funds for broadband companies.

WildBlue hopes to fly high with share of stimulus funds

BY GREG AVERY

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Satellite broadband company WildBlue Communications Inc. has 7.2 billion reasons to raise its profile.

The Greenwood Village-based company is one of two main competitors in an industry that practically defines low profile. Its broadband service bounces Internet access off satellites in orbit to 400,000 customers far from population centers.

A golden opportunity has emerged for satellite broadband — \$7.2 billion in federal stimulus money to get high-speed Internet to areas in the United States that lack it.

Billions earmarked for something WildBlue is in business to sell.

"We're not starting from ground zero and trying to build something new," said Lisa Scalpone, WildBlue's vice president and associate general counsel. "This is something we're set up to do."

Taking the message to Washington

Scalpone took that message to Washington, D.C., on March 24 for hearings about how to allocate the broadband stimulus money.

She spoke on behalf of WildBlue, its main competitor, Germantown, Md.-based Hughes Networks LLC, and London-based satellite phone company Inmarsat Plc — a collection of companies dubbing itself the Satellite Industry Coalition.

Scalpone, like others in the industry, worry that the two federal agencies overseeing the broadband stimulus — the National Telecommunications Information Agency and the Rural Utility Service — might overlook satellite broadband as an option.

So WildBlue and Hughes have teamed up to make sure that when multimillion-dollar awards start being handed out, the decision-makers understand that satellite broadband already brings high-speed Internet to the hardest-to-reach households.

The 262-employee WildBlue, whose majority shareholder is Englewood-based Liberty Media Corp., sells mainly residential broadband, offering download speeds of up to 1.5 megabits per second for between \$79.95 and \$89.95 monthly after a \$100 equipment fee. Slower speed services cost as little as \$39.95 a month.

The company reports it added 100,000 new customers in 2008, which drove 70 percent revenue growth to nearly \$200 million for the year.

Its Internet access is available literally anywhere in the country, but the company markets itself exclusively in rural areas.

Federal funding could help WildBlue build a \$300 million satellite it has de-

signed to be capable of far higher broadband speeds. If that kind of work doesn't qualify for stimulus grants, then underwriting equipment and installation for new customers could grow WildBlue's existing service and put more independent installers and retail sellers to work, the company says.

"It's crucial, it's strategic, and there's a lot of excellent satellite industry jobs in this country it would support," Scalpone said. "Not to mention all the mom-and-pop businesses, the installers that live in the communities, who would benefit, too."

Satellite broadband is slower-speed and generally more expensive than landline broadband. It's often a choice of last resort for customers, but there is a market for it.

The service is the only option faster than dial-up Internet access for an estimated 11 million U.S. households and untold numbers of businesses, schools and health clinics in sparsely populated areas of the country where DSL or cable isn't available.

A new generation of wireless broadband technologies — called "fourth generation" wireless, or 4G, and WiMax — is starting to be deployed in the United States, backed by cable companies, Google and wireless carriers such as Sprint. Greenwood Village-based startup Open Range Communications Inc., in partnership with Broomfield-based Level 3 Communications Inc. (NASDAQ: LVL3), plans to introduce 4G wireless broadband in 500 communities outside metropolitan areas soon.

Extending traditional landline broadband to truly rural customers can cost \$75,000 per home; 4G wireless is projected to be about \$20,000 a home, said WildBlue CEO David Leonard. Satellite broadband's reach can be expanded with just the cost of new dishes and installation, he said.

WildBlue plans to highlight how much cheaper it would be to fund satellite broadband expansion in highly rural areas, and not compete with the higher-profile 4G wireless startups for stimulus funding for less remote areas closer to existing broadband networks.

That seems like a smart strategy because the government knows it cannot make broadband available everywhere with just one technology, said Daniel Longfield, a San Antonio-based satellite and wireless industry analyst for Frost & Sullivan.

"If the satellite players focus on selling the ubiquity they already have across the U.S., then I think they'll get some of the money," he said. "There's still 5 percent of the country that's so far away from anything that satellite is the only realistic option."