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Local telecom firm taking on the big boys thanks to an acquisition

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Business First

Jim Chickerella and Brad McMillen knew the fight they were jumping into when they started up [Celerity Networks LLC](#) two years ago.

With more than 40 years of telecommunications experience between them, the pair set a lofty goal for a small business - staking a significant claim in a high-speed Internet market dominated by phone and cable companies.

"I've been fighting with MCI, Sprint, SBC for all my life it seems like," said Chickerella, who most recently worked for [Carrier1 BV](#), a long-distance company based in the Netherlands. "It's fun. It's not that those guys don't have a good product. This is a competitive thing. I like to win."

And outsiders see the promise.

[Motorola Inc.](#) licensed its Canopy Wireless Broadband Platform to the duo's company.

Like a matchmaker, Motorola introduced Celerity to Columbus-based [Slane Telcom Ltd.](#) earlier this year, with the latter company deeming Celerity's goal a worthy venture, resulting in the acquisition of Celerity in July for an undisclosed sum.

That move not only brings a capital backing to Celerity that previously did not exist, but also connections with companies such as American Tower, which holds promise with its 24,000 towers nationwide.

With the buyout, Slane Telcom's John O'Connor became Celerity's chief executive officer, with Chickerella becoming president and McMillen, chief operating officer.

O'Connor said Slane Telcom will remain behind-the-scenes, and Celerity will remain the public face.

Making the footprint

When Chickerella and McMillen, childhood friends and north Columbus natives with stints at [Qwest Communications International Inc.](#) and [XO Communications Inc.](#) respectively, decided to embark on a business of their own, it came with personal financial investment.

McMillen said they did receive the backing of angel investors to start the business, but most of the startup was funded from their own pockets. He declined to say how much the two founders put in, but did say they lost money for the first several months. O'Connor said the company recovered to post a revenue of \$48,000 for 2004.

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Now, the company is projected to hit \$400,000 in revenue by the end of its first year under Slane Telcom's ownership. The growth was generated by a tripling of customers in a year, from 50 to 150, he said.

The ultimate goal is 10 percent of the local high-speed Internet market, a number they aim to hit within the next five years, and the target is business and residential users, McMillen said.

Currently, business subscribers make up 90 percent of the business, but in the next five years, the company hopes to shift that closer to a 50-50 split, or potentially a slightly larger residential base.

"We have \$6 million businesses (as clients) down to 'Joe's Garage,'" Chickerella said.

Columbus is the proving ground, McMillen said.

The company's work so far garnered the promise of 19 Midwest markets from Motorola. Success there could lead to as many as 180 more markets, O'Connor said.

"This is the footprint," he said. "We want to replicate it."

Slane Telcom brings build-out expertise to the outfit. In 1995, the company helped Motorola conduct the statewide roll out of the Multi-Agency Radio Communications System project, the communications backbone for state public safety and emergency management operations.

O'Connor said if growth continues as is, the company could grow from 12 employees could have upwards of 150 employees. There are now another seven employees who are subcontracted for customer management duties.

Anticipating the growth, the company is preparing for a move from its Worthington headquarters in One Crosswoods to space in the former Gates McDonald building at 3455 Mill Run Drive, Hilliard.

Vertical real estate

For Chickerella and McMillen, getting Celerity off the ground was a literal challenge as well.

"What we do is go around the city and look for the high places," McMillen said.

The network consists of antennas placed at high locations around Central Ohio, which send out the signal in a three-mile radius. The 13 current access points include, most notably, the rooftop of the Borden Building downtown, as well as locations around the outerbelt and antennas in Plain City and Sunbury.

McMillen said the company will be up to 20 access points within the next 45 days.

"We wanted to give customers a real third choice," McMillen said.

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Kenneth DeGraff, policy advocate with the [Consumers Union](#) of the U.S. Inc., a nonprofit organization based in Yonkers, N.Y. and best known for publishing Consumer Reports, said companies like Celerity are succeeding in markets where consumers are dissatisfied.

DeGraff said the cost of laying wire discourages companies from entering the market, but since Canopy is a wireless system, set up costs are reduced and a company such as Celerity can become a profitable and viable option much quicker.

He also said the Canopy system requires a small technology investment for the user because it is a proprietary system, but that most phone and cable service come with such things as well, so there is a minimal effect.

McMillen said the nature of the system gives the company a flexibility that allows it to establish new service in previously unserviceable areas within 30 days. The system also has the flexibility to change bandwidth with a few keystrokes from its headquarters, rather than with a time-consuming service call to a site.

"If a business wants to raise its capabilities, we can do it today," Chickerella said, an asset that could be helpful for seasonal companies which might have different bandwidth needs at different times through the year.

The company also keeps usage reports for its customers, letting them know how much of what it is paying for it is using.

Chickerella said despite being wireless, the system is secure with government approved encryption standards.

O'Connor said Canopy is approved for and used by many public safety agencies at the federal, state and local levels.

Wi-Fi, or wireless fidelity, is what most users are familiar with, but Chickerella said the Canopy system, being a proprietary signal, can be tapped into only by subscribers.

McMillen said the company also prides itself on its backoffice capabilities, which he and Chickerella spent the first four months of business building up.

If a customer's system begins to fail, the company will know it in the customer service center before the user does.

"We recognize the need for another option," McMillen said. "The consumers always need a choice. That's why we came together."