

Employees buy Conus satellite operation

MEDIA

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Three former employees of St. Paul-based Conus Communications have purchased the firm's satellite-services division for an undisclosed price.

Conus, a limited partnership mostly owned by St. Paul-based Hubbard Broadcasting, has been slimming down in recent months to better compete in the highly competitive satellite communications market. Executives at Conus say they're refocusing the company on products and services that will be the most relevant in 10 years.

The sale of the satellite division, renamed Arctek Satellite Productions, was finalized Thursday. The buyers are Todd Hanks, former vice president of satellite services at Conus, Brian Stanley, former operations manager, and Shawn Erickson, former project manager for satellite services. The sale does not include the Conus News Service or the All News Channel, which were closed last fall.

"It's a great investment because of the people we're associated with," said Erickson, referring to the division's connection to Hubbard and Conus and their resources. "It's a no-brainer to keep this going."

Arctek will get Conus clients

Hubbard Broadcasting founded Conus Communications in 1984 to provide newsgathering services to local news stations. The satellite technology it used enabled local television stations to be less dependent on their networks for coverage of national news events. It expanded its services since to provide newsgathering resources to national networks and offer production services to corporations and governments to broadcast national press conferences.

Conus is now focusing on developing television network programming for Direct



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Brian Stanley, left, Todd Hanks and Shawn Erickson bought Conus' satellite division Thursday with personal funds and a small bank loan. They've renamed it Arctek Satellite Productions.

TV (the Hubbard family has a large stake in DirectTV's parent, Hughes Electronics Corp.) and cable, said Terry O'Reilly, president of Conus. Conus also owns a news archive that sells video clips to producers.

Arctek will inherit a number of Conus' clients, including ABC, NBC, FOX News, MSNBC and the Mall of America. Its services include Webcasting, production management, satellite media tours, video news releases and field producing.

For example, FOX News, CNN and CBS hired Conus' satellite division in October to shoot video of the Wellstone plane crash in Eveleth to be sent back to their networks. As the story progressed, the networks sent their own reporters and photographers to the site to work out of Conus' trucks.

Plans for the future include enhancing the company's Webcasting and media-streaming capabilities, Hanks said.

Arctek's primary market will consist of television-production companies, corporate-communication departments, marketing, advertising and public-relations agencies, local television stations and national networks. Competition in those markets is fierce.

"It's going to be hard," O'Reilly said. "It's one of those businesses where hundreds of companies do this across the country."

Hanks and his partners are confident in their company and their product, however.

"We've got the resources, relationships and experience that a much larger company would have, but we can also give clients the attention a small business can give," Hanks said. "We're not starting from ground zero with something that isn't proven."

The trio began exploring the purchase when Conus announced in September 2002 that it would begin phasing out many of

CONUS: Satellite operation, now called Arctek, will retain Conus' clients, such as ABC, NBC and FOX News

Conus' operations, including the satellite division.

Hubbard, Conus had other offers

When the three investors contacted O'Reilly and the Hubbards, both parties were supportive, Hanks said.

"Nobody knows the business as well as the guys who were running it," said Stanley E. Hubbard, vice president of St. Paul-based Hubbard Broadcasting Inc. "It's a nice opportunity when you can keep the pieces as together as possible."

If Hanks, Stanley and Erickson had not come forward with their offer, Conus and

Hubbard would have found an outside buyer or sold the division's assets, Hubbard said.

Hanks and his partners were not the only buyers interested in the division. "We've been approached by several entities outside of Conus and Hubbard," O'Reilly said. "But if the business was going to continue, we wanted it to continue with people who knew what they were doing."

Hanks, Stanley and Erickson financed the purchase with their own money and a small-business loan from St. Anthony Park Bank in St. Paul. The company has three full-time employees — Hanks, Stanley and Erickson

— and will hire free-lancers to do production work. The net worth of the division was not disclosed, but Hanks said the unit has been profitable from day one and he expects Arctek to be profitable in its first year.

"An opportunity like this comes along pretty much once in a lifetime," he said. "When they come along you just thank your stars that you were bold enough and had the courage and support to jump into it."

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