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TECH ISSUE

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GATESAIR CEO

TECH TRANSFORMER

Photos: Keith Adams, Marketing Communications Manager, GatesAir

GATESAIR CEO PHIL ARGYRIS LEADS CHANGE AT ONE OF RADIO'S BEST-KNOWN VENDORS

In March 2014, at Madison Square Garden in New York, Harris Broadcast — a vendor very familiar to broadcasters — became Imagine Communications and GatesAir. Imagine, a company Harris purchased in January 2014, focuses on digital video solutions for online providers and TV, while GatesAir specializes in over-the-air broadcast technology for both radio and television. And on March 17, Phil Argyris was named GatesAir's CEO.

Argyris, who worked in the oil and gas business for 20 years, has also held senior management positions at Harris Corp. and Harris Broadcast, including VP of human resources; GM of the then-GatesAir over-the-air business unit; and EVP of R&D, product-line management, and marketing at Harris Broadcast.

Today Argyris leads approximately 300 employees, and GatesAir is at the forefront of developing new and innovative technical products for radio and TV stations in the United States and all over the world. We spoke to Argyris about his rise to CEO, the new technology broadcasters need to operate today, and what his company is doing to address the needs of broadcasters all over the world.

RI: How did you become CEO of GatesAir?

I have a varied background. When I got out of school, my MBA was in industrial relations. I spent most of my time in the oil and gas industry and working in different types of human resources capacities, but I also ran big projects. Then I worked in a customer service center, and we redesigned the entire center. It was a different kind of industry, but I have always taken on different roles. Everything I tried to do was to learn more about the business.

I just progressed over time into different jobs, taking on different responsibilities. I originally came to Harris as an HR vice president. I got to know the transmission business, I got to know the customers. I ran a couple of projects. We made some changes, organizationally, and because I understood the business and knew the sales guys and some of the customers, I took over the business.

I was lucky enough to have a family that was tolerant. Before we moved to Ohio [with Harris], I moved 12 times in 20 years. I hopped around the world — every time it was a new job and a different challenge. I've been CEO for about six months. I have a lot more responsibility. I'm learning about some things that, when you are part of a business in a larger organization, you might not have to worry about — a lot of financial things, especially. The ownership of this business is mine, and the responsibility for making decisions and the responsibility to the customer and the employee base. I feel that burden; I accept it and I enjoy it. Directionally, I have a great team. But ultimately, people look at me to help set direction, and I drive the business.

RI: What is your day like, running this company?

I'm an operational CEO. We're a big company within the context of transmissions companies, but we are not a giant company. We are pretty intimate here within our own organization.

Argyris (right) at the GatesAir Repack Summit last fall.

We get involved in a lot of things. My day may be talking with the engineers about a specific project, I'm always talking to the sales leaders, and I am very interested in the customer. I'm also interested in installations and service. We have a big facility in Quincy, IL, so I'm always talking with the guys in the plant, seeing what's going on with production. I get involved with a lot of things.

At the same time, from a CEO's perspective, I have to worry about our financials. What's going on with cash flow? What's going on with receivables? With payables? Things that are really important in terms of how you run the business.

And strategy. I spend a lot of time working on a road map of where I think the organization is going. People are looking at me and the management team and asking, "Where are we going, and what's it going to take to get there?"

RI: The company is nearly 100 years old. That's a lot of years of success.

It's funny you say that — I just read an interesting article in the *Quincy Herald-Whig* on the history of our company. It started as Gates Radio and Supply Company in the family kitchen of Henry and Cora Gates to support their son, Parker Gates, who had a passion for radios and technology. The reason we are still successful today is because we've been a leader and carried that spirit of innovation forward.

We have people who are passionate about this industry. They wake up every day and they want to be here. They want to be part of this entity, and they want to be part of what's next in this industry. We like to say we have a strong legacy, but you can't sit on your laurels. Our vision is to have a bold future. We are always looking forward. We are always listening to customers. We are always trying to figure out the next problem to solve. That's what keeps people engaged. As I've told others, we've been around 92 years, and we continue to be relevant. My plan is that we are going to stay relevant.

RI: Talk specifically about the products you sell to radio.

Our radio solutions are end-to-end. We provide contribution, in the sense of our studio products, and our distribution systems, in the form of our Intraplex transport solutions for legacy and IP networking, including studio-to-transmitter links and other applications. These support the air chain all the way to the transmitters we have. We have high-power transmitter; we will go from 100-watt FM all the way to — I just saw we are building an 80-kilowatt FM.

Of course, we have been in the AM business for a long time. So we go from 1 kilowatt to 2 megawatts of AM power. From a portfolio perspective, we have a full breadth. That's what I would tell our U.S. customers, and most of our customers outside of the U.S. We also have some products that address our international markets. For instance. we have done a lot of work in Europe on DAB digital radio. Because we are in the TV world, we have been able to use our VHF transmitter products to service DAB rollouts in Europe, which is something we have been doing for a number of years now.

RI: How do you think AM radio is doing?

In the U.S., we still sell products for AM, as do

"You can't sit on your laurels on a strong legacy. Our vision is to have a bold future. We are always looking forward. We are always listening to customers."

Argyris gives a presentation at an industry event.

our competitors. It is not that big, but we do see AM, and even high-power AM outside of the U.S. It is still, in some countries, a very inexpensive medium to be able to touch many people.

I have seen some new projects come to bear where people are replacing existing infrastructure because they are still trying to reach a large amount of the population. It is there. There are several competitors that are in this business. Is it our highest-volume product? No. But it is a heritage of ours, and we have a good customer base in it.

RI: Do you have one product that is most successful, something you are selling tons of? Or is the end-to-end solution really something you've focused on?

We focus on that on the radio side because our customers — we have very good customers in the U.S. — will buy all of those products from us. I would be hard-pressed to say we have this one single product.

We have a great FM product in the form of Flexiva transmitters. It is a world-class product. We are proud of it, and we sell it all the time all over the world. But we also have introduced brand-new UHF air-cooled and liquid-cooled TV transmitters. We've got a fantastic uptick of those products, too. Even on the Intraplex side, we introduced a new IP link codec series for IP contribution and distribution, and we feel very proud of that. It allows for the broadcaster to distribute content in many ways, including streaming content. And it also allows us to play in some international markets where maybe we hadn't played before. We are proud of all those things.

And I am particularly proud because we have a very large portfolio compared to our competitors. We have competitors that play in radio and TV, and a couple that play in both. But I don't know that anyone has refreshed the portfolio for the last four or five years like we have. We are continually trying to innovate; we are trying to understand what is important to the customer. You have probably heard this from us before: We spend a lot of time on total cost of ownership. It is important. It doesn't matter if it is a U.S. broadcaster or a large network operator in Europe, just trying to reduce costs in the facility is really important for them, because it hits the bottom line.

RI: What do you see going on in 2015, innovation-wise?

In all of our products, we are constantly looking at what we can do that is one step ahead. I think the focus is really efficiency, efficient use of the spectrum. We will be working on our exciter. We will be working on the signal itself and how to touch more people. We will be working, of course, on the power side.

We spent a lot of time creating a more efficient transmission system that is not just the power amplifier — which we have spent a lot of time working on to increase power efficiency — but the entire system. We will continue to work on those. You have to use new technologies to gain some of the efficiencies we have been doing, so we spend some of our R&D money on what we call "advance technology." We work on new things.

What we try to do is work on these new things so that they meet up with the needs and the development of the transmitter, rather than trying to invent and design at the same time.

As I mentioned earlier, we have this new IP link codec series in our Intraplex portfolio, and we have had a lot of success with it early. We expect to see more of that success. We are working on some things to help broadcasters — and I use that generically because it is not just the U.S. — on distribution and multi-site distribution, and also streaming. From a technology standpoint, I think we will see more innovation in that product.

The mantra for us is, how do we help people distribute content, and more and more content, to more and more devices in more and more ways. Our IP link allows us to help distribute the radio signal by streaming or to the transmitter site. We use that product outside of the radio industry, and we are doing some work to advance the technologies and other things we are using.

RI: How have the Internet and streaming changed the way you create products and do business?

I would say the major impact is our development in our Intraplex product, and especially the IP link. We are helping the broadcasters as they think through distribution. Some of it is the amount of content we are distributing, but some of it is also the cost. We are talking about the use of, in some sense, public Internet, where in the past we were using dedicated transport. So we help them, once again, reduce their costs, but in a reliable way. We feel very comfortable about the reliability and the robustness of our products, so that you don't have any degradation of signal. We have those discussions with them; it comes up all the time.

Large broadcasters are thinking differently about distribution too. It is not just about STL connections for single-channel broadcasters, it's large broadcasters thinking about distribution networks. Those are the kind of discussions we are having today: What are they trying to do with the larger distribution networks, and how can we help?

RI: With consolidation, do vendors like yourself have more or less opportunity to sell products? Is it easier or harder than it was a few years ago?

In some sense, it may be both. You do have consolidation and you have some larger players, and you have to have the relationships with those larger players. But they are still operating at a station level, and station guys are interested in technology. Your brand needs to be one they are comfortable with, because, depending on the organization, they may be pretty strong in terms of how they choose a vendor, or they may be just about meeting the requirements that are necessary.

There is a lot of work that goes into it. It is like any other business when you see consolidation — you know where to go to find the business, so your competition is there, too. So you have to be better. You have to have the right products. You have to have the right technology, and you have to have the right relationships. In our case, you referenced our longevity. Our relationships, our longevity, and the service we are able to provide are all things that we look to as differentiators so that these larger customers see us as someone who is going to be here that they can rely on. They know our products are solid.

It's kind of a mixed bag. Opportunities are there. It is not the HD Radio heyday, clearly, but our business is solid. It is growing. Remember, for us, a lot of our

business is also outside of the U.S. There is a lot of growth for radio outside of the U.S, for many different reasons. Some of it may be a digital rollout, like a national DAB network. Some of it is infrastructure rebuild. Think about the changes we've made in our products, and take a network operator that has hundreds of transmitters, or even a consolidated U.S. radio operator. You think about old infrastructure, and how the payback on buying new equipment can be significant and quick.

We use a total-cost-of-ownership model with our customers. We go through it with them, and we can show them the figures. So in some sense, the products and the technology help create the opportunity because we are, once again, trying to help the customer with their bottom line.

RI: Do you think radio station general managers are making any decisions these days? Or are they just giving input while corporate decides?
I think they are. As I was saying earlier, I think you will find that they are interested in technology. They have a say. In some cases, the purchase might be centralized. The smaller groups, and, of course, the smaller stations are involved in the decisionmaking.

RI: Are you noticing radio stations dedicating more resources and money to upgrading facilities or buying new equipment?
We're starting to see that, both last year and this year. In some cases, it's because our technology has changed. While we might not see a large facility rebuild, we may see organizations looking at their infrastructure and saying, "You know what? The technology has changed so significantly, it's time to move on. I've had this technology long enough, and the new technology will pay for itself." We see more of that.

There were several years when we saw some really huge studio builds. When the groups were going for mass consolidation, they were buying stations in multiple buildings, and the next thing you know, we were updating those. We still see them, but we don't see the real push on those as we've seen in the past.

The business is there. The business is growing. We are still bullish on it.

RI: How is the integration of Harris going?
It's actually the de-integration. Harris Corp. had this division called Harris Broadcast Communications, which was then carved out and sold to the Gores Group as Harris Broadcast. In March, the business split into two entities called Imagine Communications and GatesAir, the latter of which is our traditional over-the-air wireless transition business, along with the Intraplex and studio piece of our business. And it's going well.

We are, in a technical sense, a wholly owned operating company of Imagine Communications, but I get to run my business at GatesAir. Probably the most important part is the focus it has allowed this business to have. Today, we get up and we worry about GatesAir. We worry about our customers and we worry about our competitors. That clarity is fantastic for us. I know customers are very pleased with it, too.

RI: If you had a chance to talk to managers in radio about GatesAir, what would you want them to know that they might not know?
First I would start with who we are. We are GatesAir. We are not Imagine Communications. We are not Harris Broadcast, or part of Harris Corp. We are in the business of over-the-air wireless transmission. That's what we do for a living. That's where we focus. That's our heritage.

We are an innovative company. We are constantly looking forward. We have always stood for the most reliable and high-quality products and service. That's a continued mantra of ours. Because of who we are and the type of people we have, we have an incredible experience base, and it allows us to develop the relationships with these customers. So we are here, really, to support them.

I don't have a business without our customers. Understanding their problems, listening to their problems, helping them solve their problems — that's what I want them to come to us for.