Candid conversation with Dave Olson

Dave Olson was marketing director and partner in Olympia-based Internet service provider OlyWa, which was acquired by ATG, a telecommunications company that has Olympia and Tacoma locations. In the following question-and-answer, the Canada native shares the trials, tribulations and rewards of selling a business in which you've invested blood, sweat and tears.

Q: How did you first get involved with the founders of OlyWa?

A: I met the three founders of OlyWa at Evergreen's Super Saturday shortly after I arrived in Olympia. They were selling tie-dyes and I was selling hemp backpacks.

They invited me down to the office to check out this Internet business they had started about six months before. They had already laid a solid technical foundation and gone through the initial ramp-up growth spurt. To complete the stew, OlyWa needed someone who could focus on customer service and marketing tasks.

Q: How much did OlyWa grow after you joined it in 1996?

A: When I joined, the foundation had been laid for fast growth. We went from 500 customers to 1,500 overnight, it seemed. We ran into some growth slowdown while we waited – and waited – for the phone company to install fiber into the building.

During that time, rather than sign up new customers, we kept a waiting list that grew to over 400 prospects. We didn't sign up new customers until new lines were turned up in order to maintain our current customer's high-level quality of service.

While we did miss out on some customers, it turned out to be great PR as customers truly appreciated it and carried their @olywa.net e-mail address like a badge of honor.

Q: What was your market niche?

A: OlyWa's focus was on home power-users and community organizations. By freely extending support to community groups from KAOS Radio to the Food Bank to AIDS and Cancer organizations, I think the general public could see that we were both technically high-performance and genuinely community-focused.

Q: What image do you think OlyWa built for itself by the time it was sold?

A: High performance in every facet – technology, customer service and community support. In particular, we had a reputation for deploying new Internet access solutions first and in a high-quality and reliable manner. Bear in mind that OlyWa wasn't the first ISP in the area, but certainly we were the most innovative by leading the way with 56K, DSL, Cable, Burstable T1.

Q: How many customers did OlyWa have when it was sold?

A: Depending on how you count them – e-mail accounts, unique billing customer, number of dial-up/DSL lines, etc. – 3,000 is a good round number. Most were residential users, followed by organizations/agencies and businesses third.

Q: What were the conditions in the company and the economy that led you and the other partners to believe the time was right to sell in 2000?

A: It was really more of a condition of our internal growth curve. We hadn't totally saturated our local market but knew there were other products and markets to pursue, and also that we had the knowledge and experience to expand OlyWa into other markets throughout the Northwest.

We drew up a plan and shopped options, from venture capitalists and private investors to being courted by communications companies who had designs on merging with, or outright purchasing OlyWa.

Q: Was it a smooth transition?

A: Immediately after the merger, not much changed as we worked with our new parent company to devise a plan that ensured that the customer experience was not diluted but rather enhanced.

A problem arose when the parent corporation didn't immediately incorporate a clear plan or have a defined interest in fully serving home users. Our input and ideas were mostly ignored or unbudgeted.

The business customers were a bit surprised about the pressure to change to an integrated telecommunications package, including a long-term contract, especially since OlyWa had never really used a sales force and certainly not any kind of high-pressure sales that had become the norm.

There were also a number of deployment and billing issues, both internal and external, that certainly left a few disenchanted customers. These service discrepancies were frustrating for us, since we were used to finding ways to satisfy the end-user.

As for the supported community non-profit organizations, most of them were cut or sent invoices. That was perhaps the most painful for me personally, since it is something I took pride in.

Q: What have you done with your share of the proceeds from the OlyWa sale, which was two-thirds stock and one-third cash?

A: The two-thirds stock sits in my safety deposit box, mocking me, and the one-third cash was used to pay bills, a few home improvements and a bit a traveling with my lady friend.

Q: What kind of restrictions did you have to adhere to as part of the sale?

A: I and the other operating partners had to join the parent company as employees and work specifically on migrating customers to the parent company's network, which turned out to be a tricky proposition.

Q: What caused you to leave your job at ATG last June?

A: It seemed there was internal and cultural confusion on how to handle the OlyWa "tribe," and what credence to give our ideas, plans and whatnot – kind of a square peg-round hole situation.

Some of our Internet colleagues at corporate HQ were squeezed out. We began to feel we were unwitting pawns, rather than “bright, innovative Internet minds,” which is how they’d described us when we were negotiating the merger.

Long story short, we negotiated a “divorce” that included a non-compete and mutual non-disparagement agreement.

Q: What are you doing now?

A: The job market is quite lean these days, so I am following my entrepreneurial instincts and brewing up a few new business plans and ideas.

Ideally, I will do something in either public relations or marketing for business and artists. I have also considered completing a law degree, focusing on intellectual property laws, something I became more interested in during the merger.

Q: Is there any room left in Thurston, Pierce, Lewis or Mason counties?

A: Absolutely – in all those markets. I don’t see ISPs being particularly innovative in their service offerings. Additionally, the wait and complications for DSL service are frankly quite absurd.

Further, no ISP is providing Internet access in a wide variety of ways – DSL, Cable, Burstable T1, Frame relay – ensuring all customers can get broadband access. I particularly think that residential customers are underserved, as most ISPs in the marketplace are only after business clients, leaving home users at the mercy of either inconsistent national cable providers or local dial-up providers.

Q: How would you say the local business climate for ISPs has changed over the past three years?

A: The biggest change is the rise – and subsequent decline – of CLECs (Competitive Local Exchange providers). When these providers came in, there was a “shakedown” in which some smaller providers disappeared through assimilation or lack of business. Yet the bigger corporations from out-of-state entering the market haven’t increased the range and quality of service for the end user.

I think there is a desire from the customers for a return to both personalized, local customer service and more streamlined process to high-performance Internet.

Q: What’ve you learned from all this?

A: Before the merger, I felt we were a big fish in a small pond and wouldn’t be as successful in a bigger market. Perhaps the biggest lesson I learned is that our talents and experience were advanced enough to play in the big leagues.

I also learned lawyers make good money no matter how the deal goes down.

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