

Cancom's Rolf Hougen at 70

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by Geoff Johnson

Cancom founder gave the North satellite TV

Rolf Hougen turned 70 in December. Not to say that age is slowing him down any.

The Whitehorse-based businessman - founder of Cancom (Canadian Satellite Communications Inc.), the satellite service that brought mainstream television to small northern communities for the first time - looks younger and fitter than most men 10 years his junior.

He's also throwing his considerable clout behind a stock deal that could bring Star Choice - a direct-to-home satellite service - into the Cancom fold.



Rolf Hougen, pictured in 1981

Cancom which distributes 35 Canadian and U.S. signals to more than 2,500 cable systems across the continent, is no stranger to direct-to-home television. In the 1980s the company operated a small DTH service using analogue technology that required large receiving dishes.

A few years ago it became a founding partner of ExpressVu, a digital DTH system using much smaller dishes, but relinquished its interest when the service launch was delayed.

Mr. Hougen initially opposed the Star Choice merger. As a member of the Cancom board committee that assessed the deal in details, however, he had a change of heart.

"I think the difficult start-up period of risk in a company like Star Choice - we went through it in Cancom in the early '80s - is over," he said. "The opportunities now for significant growth in Star Choice make the long-range future of Cancom much more attractive than if we had stayed on our own. This is a good move in the longer term for shareholders."

In many ways, the move brings Cancom - and Mr. Hougen - full circle.

"We started Cancom with the idea of serving the DTH market and we did that with big dishes," he said. "Now it's almost a total going back to basics."

"We were to serve cable head-ends and direct-to-home, and we are back in that business. I'm delighted with the move."

Mr. Hougen has been invited to remain on the Cancom board beyond the customary retirement age of 70, and his support for the Star Choice deal is significant, given his track record.

He first earned a reputation for shrewd business judgment as a teenager when he took over his family's cubbyhole of a store in Whitehorse, and turned it into a thriving northern business empire that today embraces a department store, car dealerships, a string of retail businesses, and a TV and radio station.

In the '60s and '70s, however, television was a source of frustration for many signal-starved northerners. At one point, WHTV in Whitehorse was so desperate to fill air time it pointed its only camera out the window at the liquor store across the street to record the comings and goings.

Later Mr. Hougen taped programs of the air in Vancouver and flew them to Whitehorse, but the cost was high and much of the programming was dated. On top of that, the practice, although legal, irritated the Vancouver station where the signals originated.

Convinced that satellites and cable could be a marriage made in the heavens, Mr. Hougen came up with a scheme in the late 1970s for distributing Canadian signals via Canada's new domestic communications satellite to a network of home-spun cable systems, built and operated where necessary by local entrepreneurs.

Despite technical problems and skepticism in government and business circles over the logistics and economics - one satellite transponder carrying one analogue signal cost \$1.25 million a year at that time - Mr. Hougen's determination and energy led to the creation of Cancom and the first satellite cable broadcast network of its kind in the world.

Today the Mississauga-based company, owned by Shaw Communications, offers satellite-based digital business services, including mobile communications for trucks, in addition to distributing digital television signals to cable systems throughout the continent.

Nowhere is satellite television more appreciated than in Whitehorse, however, the capital of a territory where winter darkness envelops the breathtaking landscape up to 19 hours a day, moose outnumber the inhabitants two to one, and southern Canada is commonly referred to as "the outside."

As late as 1978, residents of Canada's 24 largest cities could take their pick of more than a dozen television signals, while nearly one third of the rural and remote population, about 1.8 million Canadians, counted themselves lucky to be able to scrounge one or two fuzzy channels out of the haze.

It was hardly surprising that many resorted to poaching U.S. signals with illegal satellite dishes.

Anxious to reinforce its cultural sovereignty in the North in the face of the encroachment by U.S. television, the Canadian government looked for a way to take

advantage of Telesat Canada's development work on non-military communications satellites.

In March 1979, Mr. Hougen outlined his proposal to federal government officials in Ottawa. Signals sent to a geo-stationary satellite from uplink sites across the country would be down-linked to cable systems, most of them new ones started up by local entrepreneurs in remote pockets of habitation.

The system would not interfere with the established broadcasting industry in Canada, Mr. Hougen emphasized, and U.S. signals would come under Canadian regulatory control.

Mr. Hougen hired journalist-turned consultant Pat Carney - later a federal Tory cabinet minister and now a senator to do a feasibility study.

Ms. Carney's findings echoed those of a federal government survey: About one quarter of all Canadians received poor television services.

Mr. Hougen knew he could not go it alone financially. He crossed the country at least 10 times in six months, researching and promoting his concept and challenging the skeptics. (The Whitehorse Star calculated that he flew 147, 857 that year.)

One of the first men he approached for help was Ray Peters, then head of BCTV, owners of CHAN-TV (Vancouver) and CHECK-TV (Victoria). It was BCTV signals, much to Mr. Peter's chagrin, that had been finding their way north to WHTV. Mr. Peters backed the venture anyway.

The two were joined as partners in Cancom by Charles Allard of Allarco Broadcasting Ltd., owner of CITV-TV in Edmonton, and Stuart MacKay of Selkirk Broadcasting Ltd., owner of CHCH-TV (now Ontv) in Hamilton.

Phillippe de Gaspé Beaubien and Telemédia Communications LTee, which owned the AM radio station in CK-AC in Montreal, provided the French-language element by launching a station called TCTV that initially relied on taped programming from other sources.

Early in 1981, Cancom was awarded a licence to distribute the four signals. Headlines in the Whitehorse Star called the Cancom partners "Hougen's Heroes" and Mr. Hougen was made chairman and CEO.

Within 90 days, the signals made their satellite debut, but not everyone was thrilled. The established cable industry flatly opposed the Cancom service. Broadcasters felt threatened. On Dec. 31, 1981, the first 20 community cable systems received their licenses, but each applicant had to go through a labourious licencing process that included a public hearing.

Cancom's debts were piling up and Mr. Hougen noted in his diary: "It is evident that we will have serious problems if the customers are not on board soon. The licensing process is dreadfully slow."

Winning permission from the CRTC in April 1983 to add ABC, CBS, NBC and PBS to its package gave Cancom new hope, but the debt had reached nearly \$40 million, and bankers were pressing the partners to chip in more cash. An internal document called the situation "precarious."

Mr. Hougen had more than \$5 million of his own money on the line. "If the company had failed, it would have ... maybe totally wiped me out, I don't know. But I was very vulnerable," he says.

Cancom's decision to go public proved to be the turning point. The sale of about four million common shares at \$5 helped pay off bank debts and provide working capital.

Mr. Hougen's business acumen and visionary work with satellite television would later land him the chairmanship of the powerful 170,000-member Canadian Chamber of Commerce, plus a seat on a string of leading corporations and the Order of Canada.

Mr. Hougen has done it all without surrendering the right to call Whitehorse home. He still lives in the house where he and his wife Marg raised their six children.

He still operates out of a Whitehorse office.