

BUSINESS connections



Forward-Thinking Leaders Began SkyLine's 65 Years of Progress

In 1951, SkyLine received a loan for more than \$1 million dollars from the Rural Electrification Administration. Gwyn Price (left) chairman of the N.C. Rural Electrification Authority and Hugh O'Hara (right) of the REA staff, look on as George W. Haggard, deputy REA Administrator, signs the loan.



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We're looking back and thinking ahead. This issue of *Business Connections* is about our accomplishments over the last year and the last 65 we've been in business. We're proud of the large and small ways we've been able to contribute to our community and our customers' success.

One lesson we've learned over the decades is the need to **Grow With the Times to Grow Your Business.** While consistency and respect for the way things have been done in the past are important, staying open to fresh ideas can help you improve.

On pages 4 and 5, we invite you to join the party as **SkyLine Celebrates 65 Years.** Thanks to our forward-thinking leadership, we've come a long way since establishing the company for local customers in 1951. Our fiber network is the latest in many company and community "firsts."

Next, on page 6, we offer **SkyLine/SkyBest's 2016 in Review.** From the near completion of our fiber buildout to opening a new location to receiving awards and recognitions, it's been an exciting 12 months.

We also know **Forward Thinking Has Made SkyLine Future Ready,** and on page 7, we explore how it will continue to do so in the Age of Connectivity.

While we're very proud of all our past achievements, our primary focus is and always will be our customers' successes and how we can contribute to them. So please reach out any time to let us know how we can help you move confidently into the future.

Sincerely,

Jimmy C. Blevins
Chief Executive Officer



Cover photo by Bernie Carpenter

Grow With the Times to Grow Your Business



It's impressive to be a longstanding business with deep roots in the community. Keep in mind, however, that holding on too tightly to traditions from the past may be hurting your business in the present. Why? Because blindly following tradition causes us to turn off our brains and can get in the way of critical thinking, imagination and innovation.

Think about these questions: Do you handle tasks a certain way simply because that's the way you've always done them? Are you using outdated computer or communications technology? Do you still have the same marketing materials, merchandising displays or products that you had five years ago?

To foster growth, stay open to fresh ideas and encourage your employees to look for better and faster ways to do their jobs and serve your customers. Many resources are readily available which can help plant the seeds for new opportunities. For example, join a local business or community group to hear inspiring speakers and network with new people. Expand your knowledge by studying the success stories of businesses in other industries. Browse around Pinterest for images that may spark a more creative tactic for items such as your office interior, product packaging or advertising.

To grow your business, it's important to take advantage of today's powerful and cost-efficient options in communications services. For details on the solutions offered by SkyLine/SkyBest, call toll-free 1-844-SKYBEST.

The U.S. Small Business Administration also offers a variety of growth tips at www.sba.gov, including:

- **Offer your business as a franchise or business opportunity.** Franchising your business will allow for growth without requiring you to manage the new location. This will help to maximize the time you spend improving your business in other ways, too.
- **License your product.** This can be an effective, low-cost growth medium, particularly if you have a service product or branded product. Licensing also minimizes your risk and is low cost in comparison to the price of starting your own company to produce and sell your brand or product.
- **Form an alliance.** Partnering with a similar type of business can be a powerful way to expand quickly.
- **Diversify.** Diversifying is an excellent strategy for growth because it allows you to have multiple streams of income that can often fill seasonal voids. Some of the most common ways to diversify are to sell complementary products or services, teach adult education or other classes and become a paid speaker or columnist.
- **Target other markets.** Your current market may be serving you well, but are there others that could use your products?

SkyLine Celebrates 65 Years

From touch-tone dialing to fiber, we've always been on the leading edge



A critical component to maintaining a reliable network is SkyLine's Network Operations Center, or NOC, which monitors more than 1,100 network elements across the company's service landscape.

Founded in 1951, SkyLine was the second telephone cooperative to be chartered in North Carolina. We were established by local residents to bring basic telephone functionality to rural parts of the state at a time when this service was severely limited.

SkyLine initially served three counties: Alleghany, Ashe and Watauga. Public Relations Administrator Karen Powell notes, "With a loan of a little over a million dollars from the Rural Electrification Administration (REA), SkyLine began construction, purchased equipment and started its membership drive."

In 1961, SkyLine merged with another cooperative that covered Avery and Johnson counties, for a total of five counties served. For many years of our existence, we've been the largest telephone co-op in the state; we're now the largest of eight in North Carolina and the eighth largest in the U.S.

Major Milestones

"SkyLine has always had forward-thinking board members and leaders who wanted to bring customer-members the very latest in telecommunications," says Powell. "One

major initiative we've been very proud of recently is our fiber expansion, which has enabled customers to access the fastest internet speeds available. Only six percent of people in the U.S. have access to fiber technology, and just 24 percent of North Carolinians and Tennesseans have access to gigabit speeds via fiber."

Building out our fiber network has enabled SkyLine to provide needed infrastructure for special projects. They include expanded service to Wilkes Community College in Ashe County to provide off-campus training to accommodate a significant expansion initiative by GE Aviation that resulted in the development of approximately 100 new jobs.

Here are some of our other milestones throughout the years:

- **1961:** SkyLine opened its current corporate office location on Highway 194 in West Jefferson.
- **1977:** SkyLine introduced touch-tone dialing service to all of its Ashe County exchanges following a successful offering to customers in Sparta.
- **1987:** SkyLine's network became fully digital, ahead of many Bell operating

companies, and the cooperative established a college scholarship program for children of SkyLine members.

- **1988:** SkyLine began the placement of fiber-optic cable into the network, bringing enhanced communications services and greatly expanding calling capability and reliability.
- **1991:** SkyLine brought cellular services to the area, along with three other co-ops, forming an affiliate organization called Carolina West Wireless, which now serves 10 counties.
- **1999:** SkyBest Communications, Inc., a wholly-owned subsidiary, was established, enabling SkyLine to provide a full range of telecommunications services in its existing service footprint and to expanded areas.
- **2000:** SkyLine introduced the first high-speed internet service offering to members.
- **2004:** SkyLine announced plans to deploy fiber-to-the-premise (FTTP) services throughout our five-county service area in the next two decades.
- **2008:** SkyLine launched digital television services in limited areas.

- **2009:** SkyBest introduced a new suite of state-of-the-art security systems and Medical Alert service.
- **2010:** SkyLine became the recipient of a \$28.9 million grant from the USDA Broadband Initiatives Program as part of the American Recovery and Reinvestment Act to expand the provision of FTTP services via a fiber-optic network in Alleghany, Ashe and Johnson counties.
- **2011:** SkyLine joined with Wilkes Telephone, Surry Telephone and Carolina West Wireless to create ClearStream Communications, LLC, to participate in Verizon's 4G LTE in Rural America program.
- **2012:** SkyBest TV launches local content channel, SkyZhone HD.
- **2013:** SkyLine's Smart Home retail location opens in West Jefferson to showcase smart technologies.
- **2016:** With the exception of the DOT's existing Highway 221 expansion project, SkyLine completed the fiber buildout in the co-op's five-county area.

The Cooperative Way

The mission of telecommunications co-ops has always been to provide services as affordable as possible and comparable to those offered in urban areas. Co-ops are, by definition, local service companies because they're owned by members who use the services; therefore, they have a particular interest in the communities in which they're based.

Powell states, "SkyLine, like other co-ops, takes a strong interest in the community, as seen in our support of education, economic development and charitable organizations." One example of this is a revolving loan fund that began in the 1990s to help provide site prep work for a new industrial park in

SkyLine has always had forward-thinking board members and leaders who wanted to bring customer-members the very latest in telecommunications."

— KAREN POWELL, PUBLIC RELATIONS ADMINISTRATOR, SKYLINE

Alleghany County, which is a Tier 1, or economically disadvantaged area. From that initial grant, the Revolving Loan Fund has enabled SkyLine to provide over \$1 million in zero interest loans to companies/organizations that support job creation, job retention and the provision of essential community services.

In addition, we regularly participate in charitable programs such as Relay for Life, Ashe Heart Walk/Auction, Christmas Charities and Project Teamwork, our employee-led community outreach that provides crisis relief for families across our service area. SkyLine also sponsors youth programs including the Frank James-SkyLine Scholarship, Foundation for Rural Service (FRS) Scholarship, Directory Drive, N.C. Co-op Leadership Camp and the FRS Youth Tour.

"Over the past 65 years, we've also partnered with various entities to make our communities stronger," observes Powell.



SkyLine Telephone Membership Corporation's board of directors in the early 1960s.

Rural Providers Go the Extra Mile

With the rapid advancements in technology over the past 30 years and Congress' passage of the Telecommunications Act of 1996, which encouraged further local service competition, SkyLine has expanded its influence as a leading rural telecommunications provider, establishing a wholly-owned subsidiary, SkyBest. Now SkyLine/SkyBest offers a diversified menu of residential and business communications services that includes Gig-capable broadband, digital TV, security, medical alert, automation and surveillance, business systems, networking solutions and hosted VoIP services. Over the years, the company has created additional business opportunities through strategic alliances with its peer cooperative organizations, having established regional wireless carrier Carolina West Wireless and Access On Multimedia, a statewide fiber network. Most recently, SkyBest partnered with Codero, a world-renowned managed, dedicated and cloud hosting company to offer cloud, dedicated and managed business hosting solutions.

In 2015, SkyLine was among a limited number of rural companies certified by NTCA—The Broadband Association with the distinction of having a Gig-capable network. This latest milestone shatters conventional broadband speed benchmarks to enable cutting-edge technologies that drive innovation and promote economic development locally, regionally and nationally. "We have the most advanced telecommunications infrastructure in the High Country, which further supports our mission of providing state-of-the-art communications and technology solutions enabled by a culture of excellence in customer service," Powell said.

SkyLine/SkyBest's 2016 in Review

Our biggest accomplishment is providing the best possible service



Over the past year, SkyLine has continued a progressive growth strategy by deploying more fiber, building a future-ready infrastructure across our cooperative footprint, making other advancements and being recognized for several achievements.

Fiber-to-the-Premise

In 2016, we completed our fiber-to-the-premise (FTTP) buildout with last-mile connections remaining in conjunction with the Department of Transportation (DOT) construction along U.S. Highway 221 in Ashe County.

In 2004, SkyLine made the strategic decision to overbuild our entire copper plant with fiber-optic facilities, with the goal of having fiber technologies available to every customer in our service area. We're proud that approximately 98 percent of SkyLine's territory now has access to gigabit-capable speeds via FTTP technology.

Today, 90 percent of the nation's households have three or more connected devices with the average now at seven and climbing. SkyLine's FTTP network can accommodate the broadband requirements of any and all of our customers — residential and business alike. Our FTTP network makes innovation and operational efficiency in the workplace possible not just for SkyLine but for practically any business we serve.

Awards and Recognitions

As a result of our fiber deployment, SkyLine received national recognition in 2015 as a Certified Gig-Capable

Provider from NTCA—The Rural Broadband Association. Other recent honors include:

- SkyLine received the 2016 Alfred Adams Award for Economic Development by the Boone Chamber of Commerce and the Business of the Year Award for Avery County.
- SkyLine received the National Smart Rural Community Showcase Award from NTCA—The Rural Broadband Association for our broadband-enabled applications across SkyLine's service area.
- SkyLine CEO Jimmy Blevins was recognized at the national level and received the NTCA Award for Management Innovation.
- SkyLine received its fourth national first-place award from NTCA for its Annual Meeting Report.

A Partnership for AppTV



Also in 2016, SkyBest Communications partnered with Appalachian State University's television station, AppTV, to expand programming to Ashe, Alleghany and Johnson counties as well as introduce it to more areas in Avery and Watauga Counties. The station features local programming such as news, sports and community events.

SkyLine CEO Jimmy Blevins commented, “SkyBest is excited about our newest collaboration with Appalachian State University. The addition of AppTV will further enhance SkyBest TV’s lineup by bringing exceptional local and regional programming produced through Appalachian State’s Department of Communication.”

AppTV can be seen on SkyBest TV Channels 20 and 1020, and at watchapptv.com.

New Location

To provide more convenient service to our Watauga County customer base and in conjunction with efforts to expand the service footprint of our subsidiary, SkyBest Communications, to new areas including the Lenoir business community, SkyLine relocated our Seven Devils Customer Center operations to a new retail location in the former Village Laundry on Wilson Drive in Boone.

The new location is a full-service Customer Center for SkyLine and SkyBest products and services, including broadband internet, digital TV, local and long-distance phone, bundles, security, automation, surveillance and medical

alert systems. The Boone location is also a customer service stop for Carolina West Wireless customers to pay their bills, purchase products or upgrade their existing cell phone plans.

New Faces at Area Chambers

SkyLine has always been active in local Chambers of Commerce and worked closely with their leaders. This year, we welcome three new faces at area Chambers of Commerce. David Jackson now serves as the President and CEO of the Boone Area Chamber, Beth Dixon is the new Executive Director of the Alleghany Chamber of Commerce, and Barbara Armstrong is now the President and CEO of the Caldwell Chamber of Commerce.

Focused on the Future

As part of our commitment to community involvement, we continue to partner with schools for directory recycling, recognize area students who received scholarships through SkyLine and the Foundation for Rural Service (FRS) and provide youth leadership opportunities at Cooperative Leadership Camp and the FRS Youth Tour to Washington, D.C. Our employees are actively engaged in supporting Relay for

Life, American Heart Association events and our crisis relief program, Project Teamwork. And this year SkyLine contributed to numerous area non-profits and served as a corporate sponsor of “On the Same Page” Literary Festival, Lees-McRae’s Summer Theatre Program and An Appalachian Summer Festival.

This year has been an exciting one for SkyLine/SkyBest, and we look forward to carrying the achievements we’ve had on behalf of our members into 2017.

Forward Thinking Has Made Skyline Future Ready

At the 60th Annual Meeting of SkyLine Membership Corporation on September 24, CEO Jimmy Blevins addressed how our company is positioned for future success by being ready to transition from the Communications Age and Internet of People to the Internet of Things and the Age of Connectivity, where just about everything is connected to the internet.

Blevins also pointed to SkyLine’s efforts to complete its fiber-to-the-premise (FTTP) overbuild project. He said, “Only six percent of people in the U.S. have access to fiber technology, so you’re also in the top six percent in the country when it comes to having the latest fiber technology.”

He credited a forward-thinking board that exhibited the vision several years ago to construct an all-fiber network to provide the fiber backbone to wireless networks. “So now, we are completing our fiber deployment in SkyLine’s traditional service area while others are just beginning,” stated Blevins.



SkyLine employees have some fun in the photo booth at a recent Business After Hours event.



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Pictured L to R:
Robin Miller,
Hollie Brown,
Brent Keith &
Charity Shatley