

Atlas Tower Charts South African Sites

By Mike Harrington

Colorado's Atlas Tower launches a successful tower-building venture in South Africa that adds to the company's regional business in the United States.

After nearly a decade of double-digit growth, things have finally slowed down a bit for Boulder, Colorado-based telecom infrastructure company Atlas Tower — at least on this continent.

The company's new South African business is another story. Since Atlas decided to divide its time between North America and South Africa, its foreign business has eclipsed its domestic market.

"In South Africa, we started with one tower in August 2014," Nathan Foster, CEO of Atlas Tower, said. "We now have more than 135 towers. We're building a couple of towers a week in South Africa. I am very satisfied with the structure of our portfolio and growth rate."

The African venture marked a sea change from what Foster has called Atlas' careful and calculated U.S. business. Atlas was already doing fine with a steadily growing market in the United States when Foster took a chance on building towers in South Africa in 2014. Today in South Africa, Atlas Tower has a culturally diverse staff in three regional offices. The firm maintains contracts with the four major South African carriers: Vodacom, Telkom, MTN Group and Cell C.

"We were looking for markets in which to invest, and we reviewed a

half-dozen countries that were interesting," Foster said. "South Africa came out on top. My wife and I have spent a lot of time on the African continent, so we're very comfortable here, and that probably translated into a lower-risk calculation on our investment. We're continuing to do research and perform due diligence in other foreign markets; however, what we have learned about starting our business in South Africa will surely create more, not fewer, questions, in new markets."

The company's website says Atlas Tower is a small company without bureaucratic hurdles that responds quickly with customized solutions. "We can almost always beat the lease rates of our competitors," the

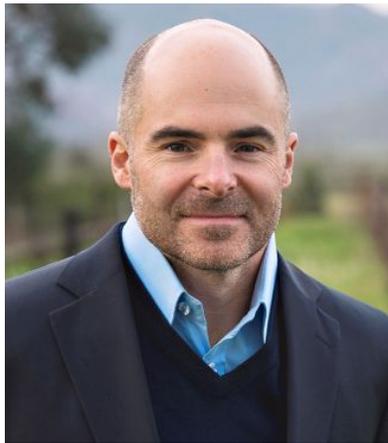
website reads. "Each site manager has access to every member of the Atlas team and will quickly see the application through, from beginning to end. We offer our tenants an easy path to expand their networks and improve end user experience. We strive to be better and faster at tower development, and to identify challenging locations that allow for quick tenant installation."

Foster describes Atlas Tower as an organic tower company that builds future-proof towers for its anchor tenants. "We buy small portfolios, but that's less than 10 percent of our growth strategy." In the United States, Atlas has no plans to have a nationwide footprint, but instead is satisfied with continuing to diversify its infrastructure in the West and Midwest.

Dedicated to Tower Building

Foster has 21 years' experience developing wireless infrastructure. He spent nine years with tower companies and tier one vendors and the last 13 years as an entrepreneur. Foster has successfully founded, capitalized and sold multiple companies. These including site services companies such as WiBlue and tower companies under the Atlas Tower name.

Atlas employees now devote



Nathan Foster, CEO of Atlas Tower.

themselves entirely to towers. “I had a services business in 2006 with a sizeable staff in three states,” Foster said. “In 2008, we downsized and became 100 percent a tower company. Now we’re back with a growing staff, most of whom are in South Africa.”

The Atlas Tower team includes Randi Clendennen, vice president and CSO, who manages business strategy and revenue development and who previously functioned as executive vice president for Wi-Blue and various tower asset holding companies. Atlas CFO Evan Eschmeyer is a graduate of both Northwestern Law and the Kellogg School of Business. He played in the NBA for the Dallas Mavericks, New Jersey Nets and Golden State Warriors, and he serves as a player representative to the NBA Players Union. Atlas CLO Mike Powers has worked with Foster for nearly 10 years and has held various legal positions in addition to owning a Colorado law firm.

Many of Atlas’ team members have legal backgrounds as opposed to technical or construction experience. “I would say being an attorney in this business is a technical requirement,” Foster said. “The tower business isn’t really a tower business; it’s a contract business. Your business is only as good as your contracts with your landlord and your tenants. We have construction and RF engineers, but they form a small percentage of our staff.”

To find customers, Foster said Atlas uses the same methods in the United States and in South Africa: “Give people easy-to-install passive infrastructure to make rolling out their networks or filling-in capacity a



A tower with a high-security perimeter fence. *Photo courtesy of Atlas Tower*

very easy process. We focus on the simplicity of leasing as part of our differentiator. It’s increasingly difficult to obtain build-to-suit contracts, thanks to the commoditization of the business. But we work hard to offer low rental rates when necessary. Most of our activity now is simply jumping a couple years ahead of what the carrier network needs and have our tower infrastructure ready for our tenants when they need it. If our leasing process and customer services are top-shelf, then our hard work today will pay off in the future.”

South African Challenges

Although Atlas Tower is a pioneering infrastructure company in South Africa, American Tower became the first tower company in South Africa as a result of a carrier acquisition in 2010. “There are currently only two national tower companies, Atlas Tower and American Tower, in South Africa, but I am under no illusion

that the landscape will stay that way,” Foster said. “A few smaller local tower companies are beginning to build some towers. It’s a good sign for South Africa that some new entrepreneurs are giving ownership a try.”

Foster said that although the building blocks are the same in South Africa — smart site due diligence, fast tower development and maximum use of capital — the regulatory environment differs. South African regulations for cell towers aren’t quite as stringent as North American regulations, but they’re more stringent than other parts of Africa and include aviation approval from the federal government, approvals from local governments, and building permits and zoning approval. Furthermore, South African regulations, although not as challenging as those in the United States, are becoming increasingly difficult.

However challenging the South African regulatory differences are,



A monopole camouflaged tower and a lattice-type self-supporting tower.
Photos courtesy of Atlas Tower

the most challenging aspects for Atlas are the social, racial and cultural differences, according to Foster. “My wife and I are American, and our staff is South African,” he said.

The country’s cultural and racial themes are unique. South Africa has 11 official languages. English is the primary language. Afrikaans, which has European origins, is the other primary language spoken there. Various regions in the country have nine indigenous languages. This means there are many distinct tribal and cultural groups with a long history of living separately. “This social configuration and government attempts to right past apartheid-era wrongs have made for a challenging ecosystem in which to run a business,” Foster said. “However, one of the most exciting obstacles is to find and employ powerful staff members who can help us in all regions of the country.”

Foster said that everyone has to know English in South Africa because among all of the languages spoken there, it’s the lingua franca. “That’s fortunate for us, but we sometimes have challenges when people speak different languages in our various offices,” he said. “Sometimes English isn’t used enough; sometimes people revert to their local or first language to speak among themselves. One’s family language means a lot here, and people want to maintain it.”

Beyond cultural differences, Foster said the biggest challenges facing the tower infrastructure industry are carrier consolidation and a potential decline in annual revenue per user (ARPU) for the carriers. “ARPU has to stay high,” he said. “The carriers have to make money in order to continue to spend money on their network infrastructure. We worry about carrier consolidation and the overall

health of our tenants. That still keeps me up at night. The South African carriers don’t have the same degree of revenue diversity that exists in the United States.”

Meanwhile, back in the United States, carrier network expenditure remains the biggest concern for Atlas Tower. Foster said he believes carriers are pulling back, with not as much money being spent on the infrastructure side of the wireless communications business. “That’s a concern for our business in the United States,” he said. “And year over year, budgets for the carriers are a concern in South Africa. We think we’re going to have 30 percent growth every year, but if two of the three carriers decide to stop spending for two years, then obviously that changes our business.”

With so much success achieved through his company’s entrance into South Africa’s cell tower business, does Foster envision a permanent home in Africa? That is, will Atlas move its headquarters to Africa? “Our headquarters is in Boulder, Colorado, and that will not change, nor does it have much relevance to where my family and I live,” he said. “For the time being, we spend most of our time in South Africa, but that may change as other markets are explored. The largest factor controlling whether or not we are continuing doing entrepreneurial-based relocations is that as our young children are growing up, they will start to be more vocal about splitting their lives among two or three countries.”

Mike Harrington is a freelance writer in Prairie Village, Kansas.