

Q&A with Jay Davison, President of AQYR International, Inc. a Designer and Manufacturer of Very Small Aperture Satellite Terminals for Military and Commercial Markets



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CEOCFO: *Mr. Davison, what is the idea behind AQYR?*

Mr. Davison: AQYR designs and manufactures very small aperture satellite terminals for both military and commercial markets.

CEOCFO: *What function do your products serve in the market?*

Mr. Davison: Originally AQYR was primarily to serve the department of defense with our receive only, Global Broadcast Service terminals. Since then, we have diversified in the commercial first responder, disaster recovery and foreign Ministries of Defense, business continuity, and cellular back haul during disaster recovery etc....

CEOCFO: *What is the range of products and what is different from one to the next in capability, speed and efficiency?*

Mr. Davison: AQYR's core competency is automated positioning of antennas. We have several employees with came military satellite communications backgrounds. We are very skilled in acquiring satellites. We have some unique skill sets in house with both software and hardware along with some very experienced satellite engineers. We are able to work together to create a very unique auto acquisition algorithm for our positions. What that roughly translates to is you do not have to be a skilled satellite communications operator to get our antenna's pointed on a satellite. You can be a first responder, a nurse, a cop, Joe off the street and in a very short amount of time without any formal training, you can get our terminals up on the satellite. That is our core competency. It started with our receive only products for the military and it has translated into our two-way commercial products.

CEOCFO: *Why is it hard to pick up the signal?*

Mr. Davison: Primarily in the Ku band, which is very crowded with satellites in the sky, it is very difficult to pick out just the signal you need on the satellite that you need. In some cases, you have satellites that are two to three degrees apart in the sky, which makes standard acquisition very difficult. To do it manually, you almost need a piece of equipment called a spectrum analyzer to really pick on the signal that you want. We have some proprietary technology that we have developed to overcome that. That is what sets us apart from everyone else, the speed and accuracy that our antenna systems can acquire the satellite.

CEOCFO: *Would a user be assigned a certain satellite because they paid to use it or because that is what other people that are trying to communicate would use?*

Mr. Davison: It is assigned to you depending on the service you are being provided with. There are several different Satcom service providers from military to commercial and it all boils down to what satellite you are assigned and transponder you are assigned.

CEOCFO: *It seems it would be hard to resist a product that can make it easy to find what you need. Are potential customers aware that you have this capability?*

Mr. Davison: Absolutely. We have had several terminals supporting the disaster recovery efforts in both Houston and South Florida.

CEOCFO: *What is the competitive landscape?*

Mr. Davison: Every market has competition. We are no different. However in our military space, we are a sole source on the Global Broadcast Service where our small receive only terminal is. There is no competitive landscape there but entering in the commercial world, there is a whole host of competition. What AQYR attempts to do is make unique products that stand out to potential customers. Instead of coming into the market as a me-too product, we develop technology that sets us apart from everyone else whether it is the way things get put together or the way it finds and how fast it finds the satellite or how accurate it positions itself on the satellite. AQYR tries to develop the technology that sets us apart from everyone else in our market space.

“Whether you are deploying to a disaster area or you are a first responder supporting a local disaster or fire, the last thing you want to worry about is getting your Satcom on the air. That is where AQYR comes in. AQYR is basically fire and forget.”- Jay Davison

CEOCFO: *How has AQYR changed under your leadership?*

Mr. Davison: What is different today is our approach to things. I will not say we have a more structured approach because I am not taking anything away from my predecessor. My predecessor was really great for AQYR and a lot of her legacy lives on with the current personnel but the biggest change is our approach to the markets and developing our technology. It is much more market driven. A lot more research is going into how we can make products unique for the market segments we are trying to penetrate. It is a different time. Before, we were trying to establish ourselves in both the military and commercial space at the same time. I was fortunate enough to take over where our military market was nailed down with the \$100M IDIQ contract we were awarded in 2015. That gives me the flexibility to focus my efforts and work on building the commercial space.

CEOCFO: *In the commercial space, would organizations have your products before they need them? Are you able to get something out very quickly when there is a disaster that an organization that might not be prepared?*

Mr. Davison: In a perfect world, everyone would have AQYR products but well before they needed them. Unfortunately, budgets and lack of activity in certain areas; like lack of a major storm since Katrina. A lot of these organizations have had terminals that are going on, ten or fifteen years old and they do not know they need them until they need them. Given the latest disasters as an example, it highlights the fact that there is an aging Satcom terminal fleet out there and it is time for some of these organizations to replace them. That does not get identified until there is a need. The recent current events identified a need to update these suites.

CEOCFO: *How do you build on that strategically?*

Mr. Davison: Nobody wants to take advantage of other people's misfortune, especially us here. Many of us are from the military and have helped in disaster recoveries and have seen the impact of this kind of thing. The spirit here has been to do what we can to help these people and sort out the rest of it later. We are a small company so we cannot have a lot of the equipment on the shelf. We have some equipment on the shelves for when the need arrives. We loaned a few systems out to some support agencies recently that were employed in both Houston and South Florida. The best way to capitalize is just to have the equipment available on the shelves, ready to go at a moment's notice. I have had deployed people down to the disaster areas, but it is effectively more the spirit of helping them get things back on track and if sales come out of it, all the better.

CEOCFO: *Once you sell a terminal, is there service or support? What is the relationship ongoing with an organization?*

Mr. Davison: On the military side, they have their Global Broadcast Service, which they maintain. We provide some level of support there along with repair/return support. On the commercial sides, we normally sell our products through value

added resellers. What the value added reseller does is pair our terminals with the satellite service and they provide the training to the customer and the level one support.

CEOCFO: *Where does cost come into play for your typical customers?*

Mr. Davison: We are definitely not the least expensive system. We are working to get this capability at a lower cost. We have some current projects going on that are working towards that goal. I would call our products mid-range as far as pricing goes for the market. This type of usability comes at a cost. The type of robust design comes at a cost and we pride ourselves on the quality and robustness of our products. Where a lot of these commercial products were built from our experience in building military products, there is a little bit of carry over in the design. The capability that we provide is really competitive with the rest of the market.

CEOCFO: *Do potential commercial customers know and understand the value of the military background of your organization or for most people, if it works well, that is all they care about?*

Mr. Davison: That is a tough one. Some certainly do. Many of these Satcom engineers came out of the military, but some of them are probably not. If it works, you never hear from them again until there is a problem. That has been a tough one for us, getting across what makes our products unique compared to everyone else's. It is definitely the people that put their blood, sweat and tears into these products from design through manufacturing. Everyone here on this team is committed because they know where these systems are potentially going and a lot of them have been there where these things are going to be used. Everyone here pours their heart and soul into everything they do.

CEOCFO: *Would you tell us about your global reach?*

Mr. Davison: About a year ago, we brought on a new sales and marketing director who has been on the road close to 90% of the time this past year. He has covered trade shows and product demos anywhere from Singapore, to Australia and Europe. I think the only reach we have not had so far is South America and we are looking into that sometime next year. We are definitely out there. We have value added resellers that are global and we are working several opportunities with some foreign ministries of defense and foreign non government organizations and areas of disaster recovery and business continuity. It is pretty exciting.

CEOCFO: *Why choose AQYR?*

Mr. Davison: You would choose AQYR if you want a high quality product made by people that care about the product and where it is going to be used. We have unique systems that are very easy to set up and very easy to get on a satellite. Whether you are deploying to a disaster area or you are a first responder supporting a local disaster or fire, the last thing you want to worry about is getting your Satcom on the air. That is where AQYR comes in. AQYR is basically fire and forget. Once you get it set up and press the button, you can move on to your mission.

