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# BUSINESS ON SUNDAY

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Bloomberg  
High-powered executives now have a place to race their high-powered cars.

## Car club caters to execs' need for speed

GREG BENSINGER  
BLOOMBERG

New York investor James Glickenhau says he paid \$4 million US for his one-of-a-kind Ferrari P4/5 that can hit a top speed of 374 km/h. The challenge is finding somewhere to drive it.

"There is nothing like stepping on the gas of your favourite sports car and seeing what it can do," said Glickenhau, 58, who helps manage \$2 billion at Glickenhau & Co. "I didn't invest in these cars to sit in a parking lot, to sit in stop-and-go traffic on the West Side Highway."

Sports car fans on Wall Street are backing a solution, the **Monticello Motor Club**, a private track 140 kilometres northwest of Manhattan. For a \$125,000 initiation fee — and an annual fee of \$7,500 — speedsters can zip as fast as they want along a twisting, 6.5-kilometre loop. Comedian Jerry Seinfeld and race car driver Jeff Gordon are members, said Bill McMichael, chief executive of the club, which opens today.

Paul Queally, co-president of private equity firm **Welsh, Carson, Anderson & Stowe**, said he is an investor in Monticello, along with Paul Orwicz, a portfolio manager at **SAC Capital Advisors** in Stamford, Conn., and Paul Barker, managing director of **Lehman Brothers Holdings Inc.**'s money-management unit **Neuberger Berman**.

The club will be "very, very profitable," said Queally, 44, who collects Porsches. "I am a businessman and this is a good business."

Monticello offers an escape from Wall Street's writedowns and layoffs and New York gridlock, said Harry Schessel, an entrepreneur who owns a Porsche GT3 RS. When they're not behind the wheel, financiers can hobnob at the clubhouse.

"You're there in two hours and your worries are behind you," said Chris Maybury, 49, a trade-show organizer and former mergers and acquisitions specialist from Greenwich, Conn., who owns about 20 sports cars. "This is an absolutely beautiful track, and very challenging, plenty of elevation changes and sharp turns."

SEE SPEED, PAGE E5

# AIRDRIE ON THE MOVE

New residents, businesses beat a path to Calgary's northern neighbour

MARIO TONEGUZZI  
CALGARY HERALD

The first sign of the economic boom north of Calgary is the amount of construction equipment and activity one notices along the Queen Elizabeth II Highway just north of the Calgary International Airport.

On a warm and dry summer day, the dust flies in the wind — signifying the hectic and sometimes frenzied pace of activity taking place along the busy Calgary-Edmonton corridor.

And that activity continues for several kilometres up the well-travelled, high-speed roadway to include the massive CrossIron Mills shopping centre and racetrack/entertainment centre springing up near Balzac in the Municipal District of Rocky View.

Heading north, the landscape is dotted with development on both sides of the highway and to the west, the majestic snow-capped Rocky Mountains offer a magnificent view.

The economic boom Calgary has felt in the past few years has had its spinoff effects along this busy corridor — perhaps nowhere moreso than the City of Airdrie,

which in recent years has experienced both a population and a business boom.

"We've seen Airdrie over the last 20 years grow up as a bedroom community for Calgary," says Todd Hirsch, senior economist at **ATB Financial**. "So it's offered people that smaller city lifestyle, but they can still fairly easily commute into Calgary."

Obviously, the city is going to get a lot of people off the Calgary-Edmonton corridor along the Queen Elizabeth II Highway, he says.

The spinoff effects from Calgary's healthy economy is a positive sign, he adds.

"The primary driver is going to be residential real estate," says Hirsch.

"Because Calgary's economy has grown and because real estate has appreciated, that's all had spillover effects into cities like Airdrie and Strathmore where real estate is still a relatively good deal."

Kent Rupert, planning and economic development team leader for the City of Airdrie, says one of the economic development initiatives is marketing three sectors, including transportation and logistics, advanced manufacturing,

and scientific and technical services.

Transportation and logistics industries would find Airdrie an attractive location because of close proximity to the Calgary International Airport and major highways. And the city is building on an already good base of professional and

“Airdrie is one of the fastest-growing communities in Canada

KENT RUPERT, PLANNING AND ECONOMIC DEVELOPMENT TEAM LEADER FOR AIRDRIE

scientific services as well as manufacturing. A fourth and emerging sector is environmental industries.

Airdrie has been one of the country's fastest-growing communities for the past decade. In all economic indicators, from population to construction value to house prices, the city has experienced tremendous growth — an indication of continued growing investment.

SEE AIRDRIE, PAGE E3

## AIRDRIE ECONOMIC INDICATORS

	2006	2007	Change 2006-2007
Population	29,035	31,512	+ 2,477
Housing Starts	1,483	1,786	+ 303
MLS Residential Sales	1,019	1,376	+ 357
MLS Average Price (single-family)	\$312,385	\$377,236	+ \$64,851
MLS Average Price (condo)	\$217,796	\$259,698	+\$41,902

Sources: Calgary Real Estate Board, City of Airdrie Planning, Building Inspections and Civic Census



Ted Rhodes, Calgary Herald  
City of Airdrie's Kent Rupert  
at the site of a future Costco.



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# Newcomer dives into wireless pool

## Committing more than \$442M, CEO takes Globalive national

DAVID GEORGE-COSH  
CANWEST NEWS SERVICE

Anthony Lacavera's crisp, expensive suit stood in stark contrast to the stale room littered with computer monitors, pizza boxes and empty pop cans.

The men and women working in this small-room-turned-war-room on the top floor of a 12-storey building in downtown Toronto paused every half-hour or so to focus on a large plasma monitor that displayed a colour-coded map of Canada and the latest results in Industry Canada's wireless spectrum auction.

"What the hell is Jaguar doing?" exclaimed one **Globalive Communications Corp.** employee. "(DAVE Wireless chairman John) Bitove's throwing his money around. Now he's after Vancouver," said another.

Lacavera, Globalive's founder and chief executive, calmly observed the chaos from the doorway, as if he'd lived through the frenzy of a wireless spectrum auction before. But he hadn't. The 34-year-old newcomer is about to turn the incredibly lucrative — and cosy — Canadian wireless industry on its head. At the closing of the spectrum auction, his Globalive Communications was ordained Canada's fourth national carrier.

It will undoubtedly be a risky venture. Globalive is committing more than \$442 million for 30 pieces of the airwaves to square up against the country's three incumbent wireless giants.

After those early June days in the Globalive bunker, where hundreds of millions of dollars were being thrown around

every day by 15 Canadian companies, Industry Canada's advanced wireless auction dragged on far longer than anyone expected.

It was also far more lucrative. The auction raised \$4.2 billion for the federal government's coffers — two to three times estimates — most of which will go toward paying off the national debt.

Globalive has been blamed by some competitors for drawing out the auction and inflating the price of spectrum licences. Jim Shaw, CEO of **Shaw Communications Inc.**, wonders where Lacavera and his foreign partners will get the money to pay off their hefty Industry Canada bill.

"You're talking hundreds and hundreds of millions of dollars per bidder," Shaw says. "I know Rogers, Bell, Telus, Shaw, Videotron and Bragg will pay, but all the other guys are new players, which is what (Industry Canada) wanted. But how do they know them?"

As it stands, Globalive will be able to launch a cellphone business in British Columbia, Alberta, major cities in Saskatchewan and Manitoba, Ontario, all four Atlantic provinces and the territories. It also has some prime "beachfront," yet unusable, spectrum in Quebec that may come in handy when trying to adhere to Industry Canada's 10-year national roaming agreements.

More importantly, Globalive has catapulted itself from a wireless afterthought to a heavyweight in just under two months.

Herald Archive, Canwest News Service  
**Anthony Lacavera, founder and CEO of Globalive.**

Lacavera started out with a small website design company he ran during the end of his university career. He started Globalive when he graduated in 1998, as a provider of telecom services to hotels and hospitals in the newly deregulated telecom market.

But it was the acquisition of **Yak**, the dial-around long-distance reseller, that gave Canadians their first taste of Lacavera's business acumen.

With his first major acquisition under his belt, Lacavera set out to grow the business across Canada. Targeting urban areas and marketing the brand to consumers, Yak grew from \$40 million to \$125 million in revenue and now counts more than one million residential users of its phone and high-speed Internet services.

Today, Yak delivers the majority of Globalive's revenue. Several observers criticize the reseller business Lacavera has carved out for himself. "If you look at the companies Tony has cobbled together, none of them are very good," says Deloitte & Touche partner John Ruffolo. "Tony has been able to financially engineer himself a number of ideas to stay afloat. I don't know how he does it."

According to Lacavera, Yak is just a piece of Globalive, although a key piece, he admits, and one capable of being a launching pad.

"I can build a relationship with a customer and even if I may not make much money selling you a home-phone service, over a long period of time, I can then sell you something else. Like a c e l l - p h o n e ."

"I

really believe wireless is the next opportunity for the company. The incumbents run great businesses and they're very smart operators. This is not something we can just barrel in and steal their business. I have a tremendous amount of respect for Ted Rogers."

With Canadians burdened by multi-year contracts and hefty cellphone bills, Lacavera felt that Yak's "no-contract" and flat-fee business model would present an interesting alternative for customers of the big three incumbents.

But he needed money, significantly more money than the \$68 million US he needed to buy Yak.

According to a source familiar with the matter, Lacavera and his team quietly asked a number of firms a year ago whether it was possible to raise \$200 million by going public.

"An investment banker presented (Globalive) with the valuation range and the meeting abruptly ended," the source says.

With an IPO out of the picture for now, Lacavera began working the phones, eventually landing a pair of deep-pocketed billionaires — Naguib Sawiris, the Egyptian head of Weather Investments, and Iceland native Bjorgolfur Thor Bjorgolfsson, the entrepreneur behind Novator.

"I

cold-called about 100 parties, from investors to operators to advisers, people that look at the wireless industry," Lacavera says. "There was a tremendous amount of pounding the pavement from November to March."

Still, when Globalive announced its intended participation this past November, few gave them much of a chance against more established bidders such as **Quebecor** and **Shaw Communications Inc.**

"These guys shouldn't really be there. It really goes to the balls of this guy," Ruffolo says. "Anyone that wants to be a fourth national carrier and compete against the three incumbents, they're going to get blown away."

Globalive does not plan on following in

line with what the "Big Three" have done in the wireless picture. Touting a model similar to U.S. firm **MetroPCS**, Globalive will likely release a variety of monthly all-you-can-eat plans, and then open its network to any wannabe cellphone company, including retail chains.

Reports suggest it will cost upwards of \$500 million for network construction, and then there's the matter of customers.

"They probably believe some of their savings will come with cheaper equipment prices. But to me, it's the customer acquisition cost, the marketing, the building of the network," says Ruffolo. "Where are they getting the financial wherewithal to get all that?"



# Product placement driving advertisers

## Spending surge fuels growth of tracking firms

ALANA SEMUELS  
LOS ANGELES TIMES  
SHELTON, CONN.

On the fourth floor of an office building in this green Connecticut town, Sarah Martin goes to work every day as a television watcher.

She doesn't mind watching *Ellen* or *Lost*. She hates the days she has to sit through *American Chopper*.

Unfortunately, she can't fast-forward.

Martin's job is to count when brand names such as **Coca-Cola**, **Cadillac** or **Yamaha** appear in TV shows — on a soda can, whizzing past in a street scene, flashing on a billboard in the background, anywhere within the camera's range. She works for research company **Nielsen**, which provides the information to advertisers who want to keep tabs on where competitors' products are popping up in TV shows.

They are popping up quite a bit these days: Martin said when she started her job a year and a half ago, she would count an average of 10 brands in a prime-time network show. Now, it's closer to 50. Viewers of the logo-laden *American Chopper* on Discovery Channel might be exposed to brands as many as 1,000 times a show.

"I used to watch TV all the time," she said. "Now I go home and do other things," such as reading books.

Martin is part of a small army of people employed by research companies and advertisers to track product placement, one of the fastest-growing segments of the advertising industry. Advertisers spent \$2.9 billion in 2007 to place their products in TV



Courtesy, Discovery Channel, Herald Archive  
**American Chopper fans can see 1,000 placed brands a show.**

shows and movies, up 33.7 per cent from the year before, according to media research outfit **PQ Media**. This year, spending is projected to hit \$3.6 billion, not including "barter" arrangements — in which a company gives away products to be used in shows, rather than paying for them to be placed there.

Companies for a long time have been measuring the frequency of traditional print and broadcast advertising. As a result, advertisers know who is spending what and where.

But product placement traditionally has been a backdoor industry, arranged by prop masters on TV shows and movies rather than by professional agencies. This has made it much more difficult to monitor who is placing products, how often and where.

Some, such as the Federal Communications Commission, are concerned that it is too difficult to discern when product placements occur. In June, the FCC said it would consider new rules to better inform viewers when brands appear on shows in exchange for money. Such disclosures run during the credits, but the agency plans to examine whether product placement notices should be in bigger print and displayed longer.

Advertisers, on the other hand, are eager to know whether their money to plug their products is being well spent. Did viewers notice that the car the villain was driving was an Audi? Did a character holding a box of Wheaties really make people want to buy it? Did it make a difference how many times cups of Coca-Cola appeared on *American Idol*?

In April, Nielsen spent \$225 million to acquire **IAG Research**, one of the biggest companies to measure the effectiveness of advertising and product placement. Nielsen is figuring out ways to combine parts of IAG with Nielsen Product Placement Service, the division that employs Martin and about 15 other "coders" to count when products appear in shows. IAG says that, when combined with Nielsen, it will provide the first comprehensive service for tracking product placement.

Advertisers now expect a high degree of specificity in knowing the effectiveness of their ads. That has put pressure on traditional forms of old media — such as TV — to improve their ability to measure how consumers respond to advertising, including product placement.

## FROM EI AIRDRIE: Business starts jump 12%

For example, in 2007, commercial and industrial permits rose by 62 per cent from the year before.

In a municipality profile, Airdrie lists its advantages for businesses wanting to relocate or set up their operations in the growing community:

- No business tax;
- Excellent transportation connections to the Calgary International Airport and Queen Elizabeth II Highway;
- Strong business growth — about 35 new business licences issued each month;
- Access to a trading area of more than 70,000 people, not including the Calgary market;
- Available land supply with four new business parks.

Part of the city's phenomenal growth was due to space restrictions in Calgary for non-residential land for development, says Airdrie Mayor Linda Bruce.

"Certainly there is land left, but not all of it is always appropriate for some of the developments that want to go on," she says. "So businesses were then looking outside Calgary directly. So they started really looking to the regions. We were definitely beneficiaries of that."

The increasing residential properties in the community bring a base for a workforce for businesses that want to set up shop in Airdrie.

"For years this was a commuter community . . . but people don't want to commute," Bruce says.

So, what initiated the growth? What came first — the population or business? Bruce laughs at the chicken and egg analogy.

"Initially, I'm thinking it was population. Lots of people, for a long time, prior to the big housing boom that went on the last few years, people were coming here, outside of Calgary, just to get away from the bigger city."

In 2003, Airdrie annexed 1,162 hectares into its jurisdiction, leading to a surge in residential development. The average annual population growth rate since 2001 has been 7.4 per cent. Projections have the city's population ballooning to more than 65,000 by 2031 and the number

of new dwelling units is estimated to increase to more than 24,000 in the same time period.

The city's statistics show that over the past five years the number of dwellings in Airdrie has increased by more than 3,000 homes. More than 1,700 residential building permits were issued in 2007. The total proposed new residential developments in the future total 10,894 units — 6,215 single-family homes and 4,679 multi-family units.

"Airdrie is one of the fastest growing communities in Canada," says Rupert. "As our population grows, it allows people that are moving to Airdrie, that may be working in the region somewhere, to have a job in the city. They don't have to commute."

The Calgary-Edmonton corridor and all the transportation routes are crucial to a lot of businesses, whether they're smaller home-based businesses right up to the corporations.

"We're seeing lots of movement in our downtown," says Rupert, adding Tower Lane Mall is being redeveloped and expanded. There are also development permits for three mixed-use projects which include commercial and residential use.

"We're seeing our downtown expansion program over in Creekside coming on board, with the new Sobeys and five new businesses as sort of the first phase. Some of our older properties we're seeing are getting facelifts and expanding upon to meet the demands of the marketplace."

Traditionally, the city gets about 30 to 35 new business licences a month. In April, it had 86, and 79 in May.

"We're seeing our business licences increase incredibly. That's a mixture of home-based, out-of-town business licences as well as storefront," adds Rupert.

The number of new businesses in Airdrie grew by 227 from 2006 to 2007, representing a 12 per cent growth rate. In 2007, there were 2,063 businesses. Of the Airdrie-based businesses, the most predominant is the construction sector, but the city has also seen a spike in the retail trade and professional, scientific and technical sectors. There is also a strong manufacturing, transportation and warehouse presence.

Three new business parks are fully serviced and ready for development, with one more business park coming on line, too.

Last year, more than \$120 million in commercial and industrial construction value was permitted, up from \$80 million the previous year.

Airdrie's city council and its economic development team have done a great job of opening up the city for businesses and making it an appealing place for businesses to come, says Mike Brandrick, president of the Airdrie Chamber of Commerce.

Businesses are looking for more cost-effective options as the overall economy keeps growing and the costs are going up "and people feel they don't have to be in Calgary to successful," Brandrick says.

"The city's continuing to grow. Business permits and licences are up and the city continues to show signs of strong growth," Brandrick says. "It's positive."

MOTONEGUZZI@THEHERALD.CANWEST.COM

AIRDRIE ECONOMIC INDICATORS			
	2006	2007	Change 2006-2007
<b>Residential Building Construction Value</b>	\$171,724,760	\$304,005,089	+ \$132,280,329
<b>Commercial/Industrial Starts</b>	92	111	+ 19
<b>Commercial/Industrial Construction Value</b>	\$78,269,503	\$124,598,497	+ \$46,328,994
<b>New Business Licences</b>	387	449	+ 62

Sources: Calgary Real Estate Board, City of Airdrie Planning, Building Inspections and Civic Census