

INSIDE Super Sunday jobs section begins on 4E

SELF STARTERS

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Charles Houser remembers distinctly the phone call that would, as it turned out, change his life.

He was driving home from Raleigh, where he was on the verge of taking a job in 1997, when his brother, Shaler, called with an idea: starting a business of their own.

"We literally talked about it almost the whole way back," said Charles, 40.

He happily turned down the Raleigh job and embarked on a venture with his brother, starting the firm that would eventually become the successful telecom company Nuvox Communications.

More than 15 years later, the pair are in business together again with Green Cloud Technologies, a company that is making early waves, raising nearly \$10 million in capital in its first two years.

"Gluttons for punishment," the brothers said in unison when asked why they've built their lives and careers around serial entrepreneurship.

"It's just what we want to do because we're stupid," said Shaler "Shay" Houser, with a laugh.

Sitting next to each other at a conference table in the NEXT Innovation Center, the pair are something like an old married couple, attuned to each other's habits and idiosyncrasies.

Shay, trim with sharp features, a shaggy mop of hair and his hard-earned Citadel ring a weighty fixture on his right hand, seems ready to burst with energy from the moment he sits down.

It takes a good idea to do it once. The Houser brothers say it takes a little bit of insanity to try it again and again.



Green Cloud Technologies is the second joint business venture for Shay Houser, left, and brother Charles Houser. More than 15 years ago, the siblings started the firm that would eventually become Nuvox Communications. PATRICK COLLARD/STAFF

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Shay, left, and Charles Houser say big corporate cultures have never suited them and they created their own businesses so they could have an impact. PATRICK COLLARD/STAFF

HOUSERS

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Charles, the younger brother by three years, with a round face and shorter hair he has a habit of running his fingers through when he talks, rocks back gently in his chair and lets his brother largely steer the conversation.

They finish each other's sentences and echo each other's thoughts, even when they're not in the same room.

Their dad, Charlie Houser, set the family on its course toward entrepreneurship when he started a telecom company in the early 1980s. He was first his sons' boss, when they came to work for the second of his telecom firms, Corporate Telemanagement Group, after their respective college years and has since served as partner, adviser and investor in their independent ventures.

"It's incredibly gratifying," the elder Houser said. "It's so much fun to see them strike out on their own and do their thing. And they don't do it exactly the way I would normally do it, but that doesn't matter. They're charting their own course."

Following their hearts

After Charles and Shay built, grew and eventually left behind their first telecom business, it would be several years before they'd partner again to form Green Cloud.

When asked why they decided to start another company, Charles answered, "Well, what else are you going to do?" with an incredulous tone that might have suggested he had been asked to jump off a cliff or go swimming with alligators.

"I don't want to work for a big company. Period," said Shay, 44. "We

didn't learn at big companies. We didn't work for Johnson & Johnson or something. We worked at small companies that grew very fast and (that) was moderately controlled chaos."

Both Charles and Shay have found themselves in massive corporate cultures, whether of their own making or not, and both said it's not really for them.

"As you become one of 5,000 employees, no matter what you do every day, your impact on the customer, your impact on value creation becomes less and less and less," Shay said.

Shay said he got his first taste of entrepreneurship during his college years at The Citadel, where he and longtime best friend Russell Powell started buying and reselling T-shirts.

"We didn't pay sales tax. We found out you were supposed to do that, so we had to shut that business down," he said with a laugh.

During his senior year, Shay, an avowed music lover, threw a concert in Charleston, shelling out \$3,500 to have rock band Widespread Panic play. When he collected \$20,000 at the gate, he knew he was on to something.

"Those had an impact on me to go, 'I want to be in a business that I can have an impact versus a big company. I want to create and help get it going,'" he said.

Charles, who worked for a few years at tech giant Synnex after leaving Nuvox, said getting back to entrepreneurship just felt natural.

"Once you start and get in the habit of being involved in startups, it's very, very hard to have a job," he said. "Once it gets to a point, your mind immediately works on doing something else."

Laying their path

'GOOD BIT OF LUCK'

Green Cloud CEO and co-founder Shay Houser talks about some of his favorite memories and why he loves what he does in a video at greenvilleonline.com.

Green Cloud, which got its official start in May 2011, provides virtual server, disaster recovery and other Cloud services for primarily small- to mid-sized businesses.

In the 18 months since the company's products became available, its sales network has extended to 12 markets through the Southeast, reaching nearly 200 customers. Green Cloud has raised nearly \$10 million in investment funding, enough, Charles said, to keep them going while they grow to the point of being profitable.

"We spend a lot of money on infrastructure. And that first customer, we're still losing money. The second customer, we lose money. The 100th customer, we're still (losing money). Five hundred customers? We probably start making money. And then after that, it makes a lot of money," said Shay.

Shay said there's a monthly revenue goal in mind that, when they reach it, will be the tipping point of profitability for the company. They expect to get there a year from now.

The brothers said that despite the inherent challenges of starting and building a business, they believe they've charted a path to success.

"There's always a little bit of doubt that creeps in your mind," Charles said. "I have felt more positive about what we're doing here than any other time in my life and any other business that I've ever owned."

Alongside Charles and Shay at Green Cloud are two other co-founders who also were part of the core team at Nuvox: Keith Coker and Eric Hester.

"All of us having done it before, we go in know-

ing it's going to be crazy and we accept that," Shay said. "You're going to have challenges every day, some can be overwhelming at times. In early-stage companies, the highs are really high, the lows are really low."

That's hard-earned knowledge that has come since their days as young entrepreneurs, starting a telecom company called State Communications in 1997, not long after their father's company, CTG, was sold to LCI International.

Looking back, Charles and Shay admitted to being rather naïve at the outset.

"The success of CTG was fresh in everybody's mind, so looking back on it we were probably fooled into thinking you could just do it again," Charles said.

"I think we were probably a little too stupid to be scared enough," added Shay.

State Communications, which changed its name to TriVergent Communications, grew quickly, occasionally leaving the young entrepreneurs — only in their 20s at the time — bewildered.

"We went from zero to 100 employees like that," said Shay, snapping his fingers. "We didn't know how scared we should be."

TriVergent merged with St. Louis-based Gabriel Communications in 2000 and changed its name once again to Nuvox.

From then on were some difficult years, Charles said, as the telecom industry went through a turbulent time with previously generous investors pulling their support.

"It came too easy and went away real fast," he

said. "Riding through that roller coaster, it was tough emotionally. It bloodied our nose. You saw how quickly it could turn."

Nuvox was one of the survivors of a hard-hit industry that saw a slew of bankruptcies and emerged to join forces with New South Communications in 2004.

Despite the hard times, Charles said it was a good experience, teaching some real-life lessons. If things had kept going the way they were, the Housers might have come away thinking business was easy.

"I think that's what brought us back down to it," he said. "It's not easy to start a company and get it to the point where it's valuable to someone. It takes a lot of work. It's risk and it's luck."

Charles stayed on with the company until 2008 when he went to work for Synnex. Shay left Nuvox and bought a subsidiary of the company that became UCI Communications, which he sold in 2008.

"At that point we knew we were going to do something else together. It was just finding what the niche was," Shay said.

Making their mark

Nuvox, which was sold to Windstream in 2009, taught the brothers several lessons, they said.

"Nuvox was a phenomenal company. It created over 1,000 jobs in Greenville. From a personal financial standpoint, it was a debacle for Charles and I... After all the work and effort of starting that company, we didn't make any money," Shay said.

"We walked away going, 'Damn, we can't let that happen again. The next company we start, we've got to maintain total control.'"

One of the things they most wanted to control — and one of the appeals of working together — is their shared vision for

what they want and how they want to get there. And it's not from inside a corner office with a view.

All the partners took significant pay cuts to come on board with Green Cloud, Shay said.

Co-founder and CTO Coker said the reason he was willing to do it was for the kind of work environment he can't get anywhere else.

"A big asset for me is being able to enjoy coming to work every day," he said. "Some of the funnest times of the business are actually at the beginning stages."

Plus, he said, there's a pretty big carrot at the end. "If you can build something successful, then you more than make up for the pay differential during the period you're working."

"None of us are doing it for a paycheck," said Shay. "We're doing it for long-term value creation. We're going to build something very big."

Though their business cards read CEO and executive vice president of sales and marketing, Shay and Charles said titles are meaningless inside the four walls of Green Cloud.

"We're all truly partners in the business. The titles are for the outside world. The titles internally mean nothing," Shay said. "We've got long-term goals that have nothing to do with short-term ego needs."

Local business leader Leighton Cabbage, who was their father Charlie's partner in CTG and an adviser and investor in Nuvox, said the younger Housers' seemingly humble approach might just be the key to their success.

"The ego thing is not there," he said. "It's good to compete with people who get fired up about their titles and how big their office is. With that type of attitude the Housers have, you can beat big giant balance sheets that have bad leadership."