

Public Access Wireless LAN Case Studies

By

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Wireless LAN (WLAN) "hotspots" provide convenient, high speed Internet connectivity for a growing global customer base. This Mind Commerce study provides an overview of WLAN hotspot activity accompanied by mini case studies of 32 WLAN operators in North America, Europe, Australia and Asia. Each mini case study includes a company overview, a current and future census of hotspots, subscription and access options including pricing, an overview of the operator's strategy and the author's outlook and recommendations for each operator. This is the most comprehensive global study of WLAN hotspots presently available.



**Research Consulting Training
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Sample (Report Excerpt)

Wayport

Wayport is a company that has successfully gone after the hotel niche and can be found in 13 airports, 75 McDonalds and 570 hotel lobbies, lounges and approximately 7000 guest - rooms. The company has also established itself at ten different airports, but by and large the money is committed to its hotel business. Wayport experienced growth of 276% in the use of its hotspots, and an increase of 317% in its revenue. Though Wayport does have partner agreements with other hotspot providers and aggregators, the majority of its connections were direct connections to a Wayport node.

Wayport Hotspots

Currently there are 7,000 hotel rooms (475 hotels) enabled by Wayport. An additional 40,000 are planned. Thirteen airports are already Wayport-enabled. At airport locations, Wayport is found in all terminals and gates. This is an interesting point to note, since it was T-Mobile who laid claim to the lounges of American Airlines, United Airlines, and Delta Airlines. Wayport also operates kiosks at some airports with additional services. Wayport signed agreements with both Verizon Wireless and SBC Communications for partnerships in the hotspot arena. The deal gives Verizon customers access to all Wayport hotspots, and both access to hotspots and assistance in building new hotspots for SBC. These two deals made in August are in addition to existing deals with AT&T Wireless and Sprint PCS.

Wayport Subscription/Access Options

- Annual Membership \$29.95 per month (unlimited)
- Month to Month \$ 49.95 (unlimited)
- Pre-Paid \$25.00 (3 connections)
- Pre-Paid \$50.00 (8 connections)
- Pre-Paid \$100.00 (20 connections)
- Hotel Room Access (9.95 per day)

Wayport Strategy

The Wayport strategy is to dominate the hotel market. Thus far it has shown itself to be an able and ambitious player. Hotels that were contacted during this research all reported high levels of satisfaction. Wayport realized that the airport market, while lucrative, is extremely competitive, while the hotel market offered significant growth with less competition. Certainly there are opportunities still to be had at the airports, and establishing hotspots in the terminals and gates circumvents to some extent the

exclusive deals that T-Mobile signed with three major airlines. But Wayport is focusing in 2003 on its hotel expansions, fueled by the acquisition of Ardent in 2002. This acquisition gave Wayport enough hardware to set up as many as 40,000 rooms. The company stated that the campaign would be a “no cost capital expense model.” Wayport is funded partly by Bank of America.

Though Wayport does have partners—iPass, Boingo, and GRIC – the majority of its connections were made directly through Wayport rather than through a partner. Wayport has many partners both at the airports and in hotels.

Hotel partners

- Four Seasons Hotels
- Wyndham Hotels
- Summerfield Suites Hotels
- Hilton Hotels
- Radisson Hotels
- Sheraton Hotels
- Sierra Suites
- Doubletree Hotels
- Ramada Inn
- Hampton Inn
- Marriott
- Days Inn
- Crowne Plaza
- Embassy Suites
- Best Western
- Omni Hotels
- Country Inns
- Suites by Carlson.

Airports

- Dallas Fort Worth (DFW) Airport
- Seattle Tacoma Airport
- San Jose Airport
- Austin Bergstrom Airport
- Hartsfield Atlanta Airport
- Chicago O’Hare Airport
- New York LaGuardia Airport

Wayport Outlook and Recommendations

Wayport is the undisputed leader in the hotel market, with enough growth to sustain them through the next few questionable years in the hotspot arena. They have established good roaming partnerships for international expansion, notably iPass. Wayport has paid careful attention to customer service, which really is the great differentiator in today’s

technologically homogenous world. Hotels that have partnered with Wayport have been vocal in praising both its expertise and its high level of customer service.

That said, it is a source of trouble that the growth in actual use of the hotspots is (according to an August New York Times article) 5 to 10% or just 35,000 connections at airports and 170,000 connections at 500 hotels in a recent one month period. Earning from .50 cents to \$5.00 USD per connection means that the monthly revenue stream was anywhere from \$100,000 to \$1,000,000 with a safe estimate being approximately 200,000 before expenses. This means more focus is needed on a massive expansion of hotspots. They already have partnerships with big hotel chains such as Marriot, but need a more aggressive campaign to actually “un-wire-up” those hotels and promote the service. It goes without saying that in addition to a large increase in number of hotspots there needs to be an increase in number of subscribers.

What we recommend for Wayport is to invest in customization and integration of hotel needs into their front pages. With added on site servers, it will be possible to offer hotel guests a variety of hotel services via a front page that hotel guests see upon logging onto the hotspot. Additionally, one problem with its pricing is the “per connection” concept. This means that if a subscriber logs off, and tries to log on again later in the day or from a different hotspot, its considered more than one connection. This needs to be addressed urgently.

Another important item to look into is a close evaluation of how Wayport pitches the investment case to the hotels. One of Wayport’s biggest competitors is a company called RoomLinx, which proposes the business model to hotel owners that the access should be offered free to guests (in their rooms), and makes money by revenue sharing on access made in public areas of the hotel. RoomLinx charges the hotel for the installation of the equipment, plus a monthly maintenance fee. This type of business model creates an alternative that hotels will find attractive. Wayport will need to evolve their proposition as the market place develops.

Lastly, Wayport needs to decrease the cost of subscriptions to their service in order to meet the competition head-on.

Full Report Information

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First published in April 2003, this report has been updated to reflect the changing marketplace and players. Want to know more about who is succeeding, who is out of business, and why? What happened to the likes of Joltage? Who has the best strategies and best business models for success? We provide a scorecard for each region so you can compare based on our research and recommendations.

This report answers important questions:

- What is working and what is not working in the hot spot market?
- What are the rational business models for hot spot operation?
- Who are the leading worldwide hot spot operators and why?
- Which hot spot operators will be successful for the long-term and why?

This report provides additional valuable information including:

- Profile of the types of hot spot customers and their usage demands and requirements
- Business case analysis for hot spot operation
- Case study review, analysis and recommendations for representative hot spot service providers in three continents including 11 operators in North America, 10 operators in Europe, and 12 operators in Asia.

Method of research and analysis:

The primary market research was obtained through a series of interviews with experts in the field as well as discussions with hot spot operators and on-site interviews at various hot spot venues with local service managers, venue owners, and customers. The primary and secondary market research analysis was conducted by Mind Commerce WLAN expert, Zaga Novakovic, with input and review from other experts in the field.

Mind Commerce believes this research represents the most comprehensive analysis of worldwide hot spot operators to date. This research enables the WLAN supplier, service provider and investor to compare business models, strategies, pricing plans as well as evaluate best practices and the outlook for various operators. For more in depth consultation and/or customized research, contact Mind Commerce at Research@MindCommerce.com.

For more information see Mind Commerce at www.MindCommerce.com