

Wi-Fi Hotspot Land Grab in full swing, but Forward Concepts report indicates that only a few venues will be profitable

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Tempe AZ- May 27, 2003 - Wi-Fi hotspots may be hot, but only some venues will prove profitable. This is one of the key findings presented in a new report, "Wi-Fi Hotspot Opportunities: Exploiting the New Phenomenon," which differentiates between and among the various venues and assesses their profit potentials.

According to the study's author, Daniel Sweeney, Ph.D., "The purpose of the report is not to contribute to the hype, but to examine as dispassionately as possible the real market potential. We see the emergence of hotspots as almost a textbook case of effective repurposing of technology, but a closer look reveals some troubling deficits in the market thus far."

Dr. Sweeney went on to say, "In most cases where repurposed technology has succeeded in big way, such as the Internet, it has exhibited a strong grass roots component in terms of the user base. In hotspots to-date the grass roots aspect of the phenomenon resides in the service providers themselves, which are often very small, single-location businesses linked in a franchise arrangement with a hotspot aggregator or platform developer. Unless hotspots inspire a similar degree of enthusiasm among subscribers, the same fate could befall the hotspot industry as befell e-commerce at the turn of the millennium, where similar vendor enthusiasm far outstripped market acceptance."

According to the report, the "land-grab" frenzy will propel the U.S. hotspot market to grow by an estimated 46,000 new locations in 2003. The year 2004, on the other hand, will see a dramatic slowdown in new buildouts as the industry seeks to identify appropriate applications, content, and terminal designs. The report predicts that growth will return in 2005 and by 2007 there will be some 530,000 hotspots in the U.S.

The report further predicts that in Europe almost 800,000 hotspots will be installed by 2007, while in Asia, by even the most pessimistic estimates, there will be over 1 million hotspots by 2007. A more optimistic estimate places that figure at almost 4 million by that year.

The report estimates the mean for hotspots in the U.S. to be about 190 sessions per year, with a disproportionate share going to business hotels and major airports. In 2007, the report predicts some 4 billion sessions for the U.S. The U.S. usage revenue for 2007 is projected to be \$8 billion, or about \$15,000 per hotspot. At such usage levels profitability for the industry as a whole is contingent upon the lowest possible infrastructure costs, a fact that will force telco incumbents to re-evaluate their business plans.

The 122-page report, includes 22 Figures and tables and is priced at \$2,475 in North America is available directly from Forward Concepts: <http://www.fwdconcepts.com/Pages/hotspots.htm>

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