



IP ACTION PARTNERS

STUART J. LIPOFF  
PARTNER  
EMAIL [STU@IPACTION.COM](mailto:STU@IPACTION.COM)

192 KIRKSTALL ROAD ĩ NEWTON, MA 02460 ĩ TEL 617.244.3877 ĩ FAX 617.249.0369 ĩ WEB [WWW.IPACTION.COM](http://WWW.IPACTION.COM)

**Contacts:** Barry Goodstadt  
571-262-3087  
[bgoodstadt@wirthlin.com](mailto:bgoodstadt@wirthlin.com)

Peter Shapiro  
781-608-6348  
[peter@pdsconsulting.net](mailto:peter@pdsconsulting.net)

Stuart Lipoff  
617-529-2125  
[stu@ipaction.com](mailto:stu@ipaction.com)

**WirthlinWORLDWIDE** 

 **PDS Consulting**

**IPaP**  
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## **POTENTIAL MARKET FOR WIFI HOTSPOT SUBSCRIPTIONS EXCEEDS \$3.6 BILLION**

*WirthlinWorldwide survey finds optimal subscription rate is \$20 per month.*

RESTON, VA, March 10, 2003 – WiFi (Wireless Fidelity) hotspot services will attract approximately 15 million subscribers, according to a Wirthlin Worldwide study.

A national study of U.S. households recently conducted by WirthlinWorldwide in collaboration with PDS Consulting, a consultancy specializing in cable and telecommunications, and with IP Action, a technology consultancy focusing on communications and information technologies, highlights opportunities for marketing WiFi hotspot services. In the study, WiFi hotspot service was described as enabling a user to obtain high-speed wireless access to the Internet at a variety of indoor and outdoor locations, with WiFi coverage allowing such access on most streets in built-up areas of towns or cities. This level of coverage and demand is likely to be realized within 3-5 years given the current and planned build-outs of WiFi access points.

### **Among the key findings:**

- WiFi services priced between \$10-\$30 per month will attract between 7% and 16% of US households, or as many as 17 million subscribers assuming one subscriber per household and 106 million households (2002 U.S. Census figures).
- The optimal price point to maximize revenues is \$20 per month, which will generate



\$3.6 billion per year from 15 million subscribers.

- Business and professional applications are of more interest than entertainment-related services. More than 60% of likely subscribers are interested in WiFi service to access their enterprise network, exchange email with large file attachments, obtain information with multimedia content, and for general high speed Internet access, while approximately 40% would use the service to download music.
- Most of the likely subscribers, over 50%, see themselves using a laptop PC or enhanced multimedia cellular phone at WiFi access sites, while much fewer (28%) would use a PDA (a personal digital assistant).
- Cable operators, wireless network providers and wireline telephone companies have an opportunity to bundle WiFi with their existing offerings. Among likely subscribers, similar percentages would buy WiFi if it were bundled with cable modem service (17%), with DSL service from a telco (17%), with cellular phone service (20%) or with telco-provided phone service (20%). Fewer prefer WiFi service from an independent WiFi provider (13%) or bundled with dial-up Internet access from an ISP (10%).

"Individuals who already are tightly connected to the Internet and to email are more prone to adopt WiFi," according to Dr. Barry Goodstadt, Senior Research Executive at WirthlinWorldwide. "They represent low-hanging fruit for initial WiFi marketing initiatives."

Of likely WiFi subscribers, 21% report that they have DSL service and 29% say they have home cable modem service, substantially higher than the current overall household penetrations of these services.

"Having broadband Internet access from the home is a predictor of interest in WiFi for access outside the home or office," according to Dr. Peter Shapiro, Principle at PDS Consulting. "Providers of cable modem and DSL services have an opportunity to build on their current base of subscribers. Someday WiFi access may become a differentiating feature for these services."



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Most likely subscribers have cellphones (69%) and approximately half use home dial-up access to the Internet (51%). Fewer are equipped now with a notebook or laptop PC (35%) or PDA (19%).

"As new terminal devices hit the market, we're likely to see more interest in multimedia applications for WiFi," according to Stuart Lipoff, partner at IP Action. "We can foresee music and video downloads and multimedia emailing via cellular wide area packet networks that complement local area WiFi networks. Most people can't imagine these applications so it is no surprise that business and professional applications currently are highlighted."

### ***About the Study***

Data collection for the WiFi Demand Study was completed in early February 2003 via a telephone survey of a national probability sample of 1001 adults, 18 years and older, living in private households in the continental United States.

### ***About WirthlinWorldwide***

Wirthlin Worldwide is a global, premier strategic research and consulting firm devoted to counseling clients in marketing and communications on how to build measurable value for their enterprises. Additional details regarding WirthlinWorldwide are found on its website: [www.wirthlin.com](http://www.wirthlin.com).

### ***About PDS Consulting***

PDS Consulting focuses on cable and telecommunications industry issues, providing opportunity validation, market analyses for due diligence reviews and business strategy development, and industry expert litigation support, to operators, suppliers, financial institutions, and attorneys. PDS Consulting's services and capabilities are detailed at [www.pdsconsulting.net](http://www.pdsconsulting.net).

### ***About IP Action Partners***

IPAP provides professional services to clients in which technology advantage is a key success factor in their business. IPAP provides management and technology consulting services designed to create and maintain technology leadership and advantage. IP Action partners each have over 25 years experience in R&D management and innovation. IPAP services are further described at [www.ipaction.com](http://www.ipaction.com).