

MCI invests in WI-FI. The Fund is entering the wireless Internet market

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MCI Management S.A. has bought the majority stake in HOTLAN Sp.z o.o. It is the first project which received support from a venture capital/private equity investor in Poland. The fund for the investment in this project is up to 1.2 mln PLN and the investments shall be made in tranches. The total amount of the investment can be lower as MCI wants to attract co-investors for further stages of the development of the firm.

The objective of the project is to provide a nationwide network of points with the wireless broad band access to the Internet with the use of WiFi technology (â€œhotspotsâ€œ) whose main advantages include: mobility, easy implementation, scalability which means there are no problems with its modernization, rebuilding or arrangement as well as low prices, which in case of some applications are much more attractive than traditional wire networks.

FirstPartner, a firm specializing in market research in the area of technology, estimates that at present in the Western European countries there are about 28 million devices which can use the hotspots. In fact they are used on a regular basis by less than 4 million users, that is about 14%. At the end of 2007 those numbers shall be as follows: 73 million devices and 19 million users. According to estimates of HotLan, at present in Poland there are a little more than 100 thousand users of devices with implemented WiFi technology, which is a considerable increase compared with last year when the number of such devices was less than 10 thousand. If the trend to use this technology of access to the Internet is close to that in Western Europe, HotLan shall win a very attractive market.

The great prospects of growth make this type of undertakings get support from venture capital funds in other countries. Good examples include: BroadreachNetwork, Cometa, Boingo, WayPort, RadioNet, AllTelecom.

In the assessment of the fund the access to the Internet which is still expensive and the

growth of the number of mobile devices with WiFi cards shall contribute to the high dynamics of the growth of this market. On the other hand, the offer and the strategy of HotLan shall differ from the offer of GSM operators who at present are developing WiFi networks in Poland. HOTLAN will be offering its services strictly combined with the offer of the owner of the location where its hotspots will be installed. On the one hand, it aims at the support of the marketing program of the operations performed by the owner of the locations, and, on the other hand, at enabling the clients to use a bigger range of services, and consequently, making their time spent in a given location more pleasant.

Tomasz KÄpiÅski, earlier the founder and president of Polbox sp. z o.o. â one of the first firms dealing with the sales of the access to the Internet in Poland â shall perform the function of the President of the company. When Polbox was managed by Mr. KÄpiÅski it reached the position of one of the leading ISP firms, and later it found a strategic investor âTDC Internet Polska group (part of Teledanmark, a Danish telecommunications firm). TDC Internet Polska Mr. Tomasz KÄpiÅski was Vice-President for Business Growth.

“Despite high saturation with the devices which enable the communication in WiFi technology, the number of hotspots is still much too low to be able to say that the use of this technology is universal. It is quite a different situation compared with what has been seen in other countries, including the countries in Central and Eastern Europe. HOTLAN shall address its offer mainly to people who often need to be ‘on-line’, work outside their offices (business people, sales representatives, free lancers), people who want to use the Internet in public places, who do not have a broad band access at home or at work, people who want to play ‘on-line’, who want or have to chat, who talk with the use of VoIP or those who participate in conferences via the Internet. So far the group could use a very slow GPRS connection offered by GSM operators. When they are provided with the offer of HOTLAN in the places where they spend most of their time it shall dramatically facilitate their work and increase its efficiency. At the same time the places where they will be able to use HOTLAN offer shall attract other people who are interested in it. In that context the owners of cafÃs, restaurants, hotels, exhibition centers or gas stations shall be interested in getting advantage over their competitors.”
â said Tomasz KÄpiÅski, President of HOTLAN sp. z o.o.

“We have been interested in the unused potential of the huge market of broad band, wireless access to the Internet for some time now, however, an attractive market is not enough for the undertaking to succeed. What is needed is also a very good manager-entrepreneur who is able to provide the investors with a considerable growth of value

and who is able to prepare and put into action an attractive business plan which shall gain competitive edge. " said Marek Piatkowski " Investment Director of the Fund responsible among others for investments of MCI in the telecommunications sector. " Let us not forget that the possession of a network of hotspots facilitates offering new products and services such as network games, video on demand or internet telephony."