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INTERNET

Will Wi-Fi connect in L.A.?

The city hopes it can set up the service even as other locales stumble.

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During the last six months, the prospects for delivering free high-speed wireless Internet service throughout metropolitan areas went from a sure bet to a sucker bet.

Even as Los Angeles explores building a free or low-cost citywide Wi-Fi system, cities such as San Francisco, Chicago and Houston are delaying or pulling the plug on similar plans.

The catalyst for the sudden retrenchment came last month when Internet service provider EarthLink Inc., the nation's largest builder of municipal Wi-Fi networks, said it was halting work on such projects and bailing out of some contracts as part of a massive corporate restructuring.

The Atlanta company plans to complete construction in Anaheim and Philadelphia, the nation's first major city to embrace broadband wireless, and operate those and a few other existing locations.

But EarthLink is stopping all new projects until it figures out a way to make money.

Offering wireless Internet service for free is a business model that is "simply unworkable," EarthLink Chief Executive Rolla Huff said.

"None of this should be a surprise," Craig Moffett, a cable TV industry analyst, wrote in a recent report. "Free may be hard to compete with, but it's also a tough way to make any money."

But don't expect cities to pull out completely, industry analysts said.

With more Wi-Fi products coming on the scene -- such as T-Mobile USA's Wi-Fi cellphones and Apple Inc.'s iPhone and new iPod Touch -- demand for citywide wireless broadband connections should grow. Wi-Fi networks are much faster, more efficient and cheaper to build and operate than cellular systems.

"We've gone from one end of the hype meter to the other," said Craig Settles, an Oakland-based author and communications industry consultant. "We'll balance this out sooner or later."

Los Angeles may well become the city to watch as it goes through a laborious process to determine whether a wireless broadband network is needed -- and how the service would pay for itself.

Mayor Antonio Villaraigosa outlined plans in February to blanket Los Angeles with wireless Internet access that people could use for free or for a small monthly subscription.

The city's Information Technology Agency, which heads the Wi-Fi initiative, hired consulting firm Civitium in June to conduct a feasibility study.

The study, expected to be delivered to the mayor and the City Council in December, is being built on information from meetings with schools, hospitals, businesses, consumer groups, focus groups and other city agencies.

The agency is holding a public hearing about the initiative tonight at the Van Nuys Civic Center and another Thursday night at the DWP headquarters in downtown L.A. Both are at 6:30.

Civitium also is taking stock of the city's assets, including buildings, towers, light poles and other structures where wireless antennas could be installed. A key asset is 651 miles of fiber optic cable that could be used for important backhaul of Internet voice and data.

The firm also is trying to figure out how big a tenant the city might be on the network. Los Angeles could use wireless communications not only for emergency personnel but also for workers such as building code enforcers who can deliver reports from a work site rather than drive into an office. A wireless network also could link to cameras to help monitor traffic and remotely read utility and parking meters.

"So far, and we don't have all the results yet, it's looking like there's a need in public safety and in making the government more efficient," said Randi Levin, the city agency's general manager.

Levin said a wireless network would help the city get more information to residents and provide more self-service options for residents to deal with their local government.

Mark P. Wolf, the agency's assistant general manager running the daily research, said there was "definitely strong support" from small businesses, in particular, that can't get conventional land-line Internet service or are paying high prices. On its municipal projects, EarthLink typically charges about \$22 a month for premium fast wireless service -- half the price charged by land-line providers for similar speeds.

A slower version designed for lower-income residents generally ranges from free to \$10 a month.

"L.A. is in a good position to step back and see what the market is and see what assets they have and decide how to move forward," said Civitium senior partner Dianah Neff, a former Philadelphia technology executive who helped start that city's network.

Bridging the digital divide between those who can afford cable or phone connections and those who can't has long been a key argument in favor of muni wireless systems -- and for giving a level of service at no charge.

Los Angeles has made some progress already. Its 72 public libraries contain about 2,000 computers with Internet access as well as Wi-Fi hot spots for people with their own laptops. It also has free Wi-Fi service in Pershing Square downtown, Little Tokyo and the Van Nuys Civic Center.

But so-called digital inclusion initiatives are taking a back seat these days to the need for a wireless network, first of all, to make enough money to justify the cost.

Companies such as EarthLink and MetroFi Inc., which is helping AT&T Inc. build a system in Riverside, now want the cities they serve to be major customers.

Once a business model can justify a wireless network, city officials can decide whether to offer some level of Wi-Fi for free. Civitium's Neff said the feasibility study was using the data it was collecting to determine not only whether the city should get behind a Wi-Fi network but what business plan would ensure that it would be profitable for the company operating it.

"I do think that L.A. is taking the appropriate steps," said analyst Sally Cohen at industry consulting firm Forrester Research Inc. "They are heeding the lessons we have learned so far."

Cohen said a city doesn't have to be a major customer, but it must be invested somehow in a wireless broadband project to make it successful. For example, she said, the city of Dunedin, Fla., is not an anchor tenant but is very

involved in promoting the service, such as sending mailings with utility bills.

Cities also can help find other major users, such as hospitals or big companies, and ease the process for getting right-of-way permits for wireless routers and other equipment.

In Los Angeles, Hollywood studios need to move massive files over short distances. They can't always get what they need from phone or cable companies, so wireless communications could be key to them, said Dean Hansell, president of the city's Board of Information Technology Commissioners, which oversees city technology work.

"It's probably more critical in Los Angeles than anywhere else," Hansell said.

With ever-newer technology coming out and city politics inevitably coming into play, L.A.'s wireless researchers figure there will be setbacks. But they're confident that, by waiting, they've learned from the problems other cities have faced.

"Our goal is not to be first," Hansell said.

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