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Broadband wars gain speed by taking to the air

BY RICH HUBBARD

"We are the last mile," John Wind III says of Boca Raton-based start-up Fuzion Wireless Communications.

Wind, VP of marketing and business development at the 40-employee firm, is betting that Fuzion is in the right place at the right time on one of tech's hottest issues: bringing together Internet and wireless communications.

Fuzion has found a way to offer businesses high capacity broadband Internet connections that are faster and cheaper than most competitors can offer. The company is in the midst of a national rollout of its wireless network services — the "last mile" to which Wind was referring.

"The industry is very promising right now," said James McIlree, an analyst who has been tracking wireless service companies for investment banking firm Tucker Anthony Cleary Gull in New York City. "They [Fuzion] are in the right place at the right time."

Here's how Fuzion Wireless works: Everyone is buzzing about "broadband" these days — the capacity to move massive amounts of data, voice and video over the Internet efficiently.

Fuzion's network can deliver Internet access at up to 25 megabytes per second, a speed approximately 400 times faster than dial-up service on a 56K modem. A T1 line transmits at 1.5 megabytes per second.

Wind says Fuzion's capacity has attracted about 50 local clients. They include Boca Raton-based IBM Southeast Employees Federal Credit Union (SEFCU), Oce Printing Systems USA and Applied Card Services.

"We transfer large amounts of data between our three locations. Fuzion

provided us with a lightning-fast wireless network," said Wendell Blakeley, senior VP of technology at IBM's SEFCU.

"Fuzion eliminates the provisioning issue, allowing us to bypass the local Bell and benefit from a direct wireless connection to each of our office sites," said Phil Voss, a spokesman for Oce.

Unlicensed radio frequencies

The more traditional wireless competition is buying licenses in wireless frequencies. But Fuzion claims it is the nation's first communications company to commercially provide fixed wireless Internet service using unlicensed radio frequencies. Those frequencies — the Unlicensed National Information Infrastructure (U-NII) radio band in the 5 gigahertz range — are free to use and open to the public.

The hitch is, those unlicensed frequencies and the technology to use them are open to other competing companies, as well. Fuzion is betting it can stay ahead of the curve by staking out its radio frequencies first.

"There is a tremendous demand for broadband access to the Internet," said analyst McIlree. "That's why we see the relatively rapid growth of these companies."

"Wireless has, in certain places, an advantage over cable and DSL," said McIlree. "This is an area of the market that has not been exploited."

Major telecommunications carriers such as AT&T (NYSE: T), BellSouth (NYSE: BLS), MCI WorldCom (Nasdaq: WCOM), Sprint (NYSE: FON) and US West have been testing broadband wireless using U-NII

"It's first come, first served. The first

out of the gate gets it," said Robert Campbell, Fuzion's vice president of operations.

"We're giving somebody an alternative to the incumbent regional Bell operating companies,"

said Wind. Those Bell companies are among Fuzion's many well-established and well-funded competitors nationally. Other competitors include AT&T, Windstar and Teligent.

Private placement ahead?

One-year-old Fuzion is expected to turn a profit this year.

"A private placement is now in progress and is expected to go in the second quarter," said Wind, but he declined to elaborate.

Fuzion officials were tight-lipped when queried on the possibility of an IPO. "It's pending," said Wind.

Fuzion has installed large antennae and radio equipment on the roof of its Boca headquarters at Federal Highway and Yamato Road. The equipment transmits and receives — wirelessly — to a "hub" atop Boca's Embassy Suites Hotel at I-95 and Yamato.

The Fuzion Network is constructed on the fiber optic backbone of Qwest Communication International (Nasdaq: QWST). The wireless "last mile" from the backbone to users is the crucial distribution point for Fuzion's end users.



Fuzion Wireless Communications' Robert Campbell, Steven M. Alembik, Daniel A. Scabuto, Michael Blahnik, John Wind III and David Frank offer compact transmitter.

Hubs are demand-driven

"Fuzion looks for demand, then builds a hub. We don't build a hub, then look for demand," said Wind.

If Fuzion lands a customer in a U.S. city outside of Florida, said Wind, "We can have a hub up in two weeks or less." The cost of the hub is "under \$100,000," he said.

Installation for customers is about \$1,500, and Fuzion's most basic service costs \$495 per month. At these prices the service remains business oriented but the company is "testing residential solutions" now, says Wind.

Fuzion currently has eight hubs operating from Palm Beach to Miami, said Vice President of Sales Steven M. Alembik. "We plan to do 22 cities by the end of the second quarter of 2000," said Alembik. Plans call for 50 cities in North America by year end.

Meanwhile, said Wind, Fuzion is hawking its system's claims of speed and robust data delivery. "We didn't lose a packet of data during Hurricane Irene last November," he said. "The network is the news."