



## Wave of consolidation sweeps maturing WiFi field

By Michelle Kessler, USA TODAY

SAN FRANCISCO — The wireless Internet, or WiFi, industry is finally consolidating after sparking dozens of start-ups.

Giant tech companies are leading the charge. This month, software maker McAfee (MFE) acquired Wireless Security. In March, networking giant Cisco Systems (CSCO), which earlier bought WiFi gear maker Linksys, acquired Airespace. Electronics-maker Siemens (SI) recently purchased Chantry Networks.

Smaller companies are merging, too. Last week, struggling equipment maker Proxim (PROXQ) agreed to be acquired by Moseley Associates, a maker of radio systems, for \$21 million. WiFi carrier Wireless Broadband Access recently merged with rival Global Triad (GTRD), chipmaker Chipcon merged with Figure 8 Wireless, and equipment maker Pegasus Wireless merged with Blue Industries.

The deals are a healthy sign of maturity, says wireless analyst Abner Germanow at researcher IDC.

WiFi took off in 2002, when the tech industry was in the depths of the dot-com bust. "That was a tough time, and people were looking for the next big thing," Germanow says.

Dozens of companies popped up, mostly small firms with funny names such as Boingo Wireless or Pronto Networks. That was confusing. Businesses didn't know who to buy equipment from. Consumers found themselves signing up for multiple WiFi services as they moved between coffee shops, airports and hotels.

Now leaders are emerging. Giants such as Cisco and Intel, which makes WiFi chips for laptops, are starting to dominate. But midsize equipment makers such as Colubris Networks, Aruba Networks and Trapeze Networks are successes, too, Germanow says. (Aruba on Monday won a deal to put WiFi gear in 277 Microsoft offices.) T-Mobile and other telecom carriers have launched growing, though probably not yet profitable, WiFi businesses, says wireless analyst Roberta Wiggins at researcher Yankee Group.

And struggling players — such as ReefEdge and Legra Systems — are going out of business, taking some of the risk out of WiFi purchases, Germanow says.

But there's plenty of room for more deals in the still-young market, Wiggins says. While there will always be some niche companies, many WiFi players "are all vying to be recognized and purchased by Cisco (or another large company)," she says.

And today's leaders don't have a lock on the market. "Simplicity, security and the ease of use ... are still not completely solved," Germanow says.