



Add a Wireless Internet Hot Spot to your Hospitality Business



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Welcome...

This document was compiled to help business owners make decisions about providing Internet access for their customers. We hope you find it helpful.



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What type of business can make money with a wireless Internet hot spot?

- Any business that provides services to people who are in temporary locations: travelers, vacationers, workers, visitors. Some examples are
 - **Resort: wireless, kiosks, wired rooms**
 - **Hotel: wired rooms, conference areas, business centers, wireless for rooms**
 - **Trade show: wireless for exhibitors and visitors, wired booths, kiosks**
 - **Marina: wireless internet**
 - **Internet cafe: wired kiosks, wireless**
 - **RV park: wireless Internet**
 - **Airport: wireless, kiosks**
 - **Bookstore: wireless Internet**
 - **Restaurant, coffee bar: wireless**
 - **Golf club: wireless Internet**

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How much money can a business make with a wireless Internet hot spot?

- The amount of money that can be made depends on several factors
 - **Technology awareness of potential users**
 - **Users urgency to access information**
 - **Users willingness to spend money + economic level**
 - **Volume of potential customers + seasonality**
- Locations that generate good cash flow
 - **Airport: \$100,000/month**
 - **Resort: \$20,000/month**
 - **Marina: \$5,000/month**
- Some locations have to give free Internet to attract customers although money can still be made
 - **Hotel: usually free Internet with advertising revenue**
 - **Coffee bar: free Internet with advertising revenue**

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Can a hot-spot provide free Internet and still make money?: how?

- Login (Splash) page banner advertising can make money if a group of businesses close to the wireless Internet hot spot want to communicate with the hot spot users
- Example: a hotel gives free Internet to attract customers
 - Free Internet is a competitive advantage so the hotel provides free wireless Internet to all rooms
 - Logon (splash) page has 12 banners
 - User is logged out after 30 mins, has to log in again
 - Hotel offers advertising to local businesses: restaurants, take away pizza, dry cleaners, travel agents, taxi cabs, theater, cinema, shopping mall
 - Option of click through to advertisers web site
 - Example; charge \$150 /banner/month with click through or \$75 /banner/month with no click through
 - Advertising sales can be from \$900 to \$1800 /month

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How are customers billed?

- Hot-spot customers will purchase an *access code* in various formats
 - Codes printed onto customers documents
 - Customers purchase codes on-line with credit card
 - Customers buy pre-pay scratch cards
- The easiest approach is to resell pre-pay scratch cards
 - Scratch cards have different expiration times and can be sold for different prices
 - Mark-up from 500% to 5000%
 - 1-hour, fixed
 - 1-day, fixed
 - 1-week, fixed
 - 6-hours, open
- Custom cards can be made
 - With your graphics



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Can I improve customer loyalty with a wireless Internet hot spot?

- Offering Internet access will attract additional customers
- Access codes are fixed or open: a fixed code expires at a set time after first being used
 - **Hotels sell 1-day fixed codes as rooms rent per day**
- Open codes have a fixed number of hours, however the customer can logout and reuse the code many times until the time expires
 - **Some business thrive on recurring sales; restaurants, coffee bars**
 - **Sell a 6-hour open code that can be reused another day to attract the customer to return**
- Give special offers to increase sales
 - **Buy 3 items to get 1-hour free Internet access**
 - **Access codes are very cheap (scratch cards) or free (download) so the cost to increase sales is very low**

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How is the wireless Internet hot spot connected to the Internet ?

- Low cost options are available in most locations
 - **ADSL service from the phone company <\$100/mo**
 - **Cable modem service <\$100/m**
 - **Remember to get a business account that permits resale otherwise the supplier may cut the service**
- What about locations outside the range of DSL (>5 miles from the exchange) or where no cable is available
 - **Lease a T1 circuit that uses standard telephone lines, this will cost around \$500/mo**
 - **Point to point wireless link to a location with DSL**
- What about a location with no telephone lines
 - **Check data satellite coverage**
 - ***Directway* covers USA and Bahamas**
 - ***Wildblue* covers most of USA**
 - **Satellites have a long delay so no good for VoIP**

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What equipment is needed for a wireless Internet hot spot?

- Decide first how Internet access will be delivered to the customer and then determine what wireless Internet hot spot equipment is required
 - Short range or long range wireless access for the customers laptop
 - Wired Ethernet for the customers laptop
 - Provide a business center desktop computer for the customer
 - Provide a dedicated *Internet kiosk* for the customer: this is a special purpose durable terminal that is designed for constant use
 - Provide a wireless bridge/router for a trade show booth
- Each business has special requirements
 - A resort customer might want Internet access 2 miles down the beach (yes we have the equipment)



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What equipment: Small scale scenario

- A small wireless Internet hot spot deployment example
 - **Coffee bar, customer area is 1500 ft sq.**
- One medium range access point with a built in patch antenna is required with billing software installed
 - **Equipment cost < \$200**
- The access point can be installed in the corner of the room, pointing diagonally across the room
 - **The access point is powered via the Ethernet cable (PoE): makes wiring easy**
- The access point is connected to the ADSL router
 - **Set access point SSID to your business name**
- Sell pre-pay 6-hour open scratch cards to customers
 - **Cost: 75c each, retail for \$7.50 each (example)**



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What equipment: Large scale scenario 1

- Full service resort with 20 acre campus
 - Provide wireless Internet access for: 4 miles of beaches, 2 pools, 3 restaurants, 4 bars, 1 theater, business center, indoor public games area, outdoor public games area, reception area, guest apartments (wired), staff apartments (wired),
 - The network manager must be informed immediately if any equipment fails, plus remote configuration
- Equipment (Avansu software installed for billing, alarm)
 - 3 routers for wired staff and guest apartments and business center computers
 - 3 high power long range access points with sector antennas, mounted on a tower for beach and outdoor public area
 - 12 medium range indoor/outdoor access points with integral patch antennas for other areas, wired to T1

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What equipment: Large scale scenario 2

- Approximate investment costs are
 - **Network equipment: \$8500**
 - **Installation services: \$20,000**
 - **Staff training: \$10,000**
 - **Total investment: \$38500**
- Income generated by this scale of resort installation
 - **Income: \$20,000/month**
- Ongoing operating costs (approximately \$4000/month)
 - **Customer support: \$1000/month (very important)**
 - **Two T1 circuits: \$1000/month**
 - **On going staff training: \$800/month**
 - **Depreciation of equipment: \$500/month**
 - **Network maintenance: \$500**
 - **Avansu software subscription: \$179**
- Payback of investment: < 3 months

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What equipment: Multiple sites

- A business that has multiple sites can operate a wireless Internet hot spot at each site but manage the system as one large multi-site hot spot
- Hot spot management software permits network equipment to be managed individually or in groups (sites)
 - **Track performance of devices**
 - **Track performance of device groups**
- Overall operating costs can be reduced for multiple sites
 - **One customer support line for all sites**
 - **Central maintenance coordination**
 - **Central updating of devices at remote sites simultaneously**



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What if the wireless Internet hot spot breaks?

- If the hot spot equipment breaks then two things happen
 - **Billing stops = revenue loss**
 - **Customers will get angry and frustrated**
- Real-time failure monitoring
 - **Equipment monitoring tools like Avansu have real time failure monitoring: on failure...**
 - **Trouble ticket email sent to network manager**
 - **Text message work order sent to field techs cell phone**
- Redundant equipment
 - **Equipment costs have fallen: an outdoor wireless devices costs < \$200**
 - **Install 2 instead of 1: installation cost (greatest expense) will be almost the same for 2 as for 1**
 - **When a unit fails then the network manager activates the redundant unit immediately**

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What about accounting and reports?

- wireless Internet hot spot management software packages include reporting)
- Fire4 software provides several reports
 - **Node (device) traffic stats**
 - **Node (device) billing record**
 - **Node (device) credit card processing record**
 - **Device group traffic stats**
 - **Device group billing record**
 - **Device group credit card processing record**
 - **Download billing/CC reports as CSV files, import into applications like Excel and Quickbooks**
 - **Access code verification report**
 - **Network inventory (graphical)**
 - **Node configuration report**



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How much will it cost ?

(using coffee bar example)

- Coffee bar
 - Equipment: \$200
 - Billing system: Avansu free account
 - Resell 6h scratch cards: cost 75c, retail \$7.50
 - Internet DSL: \$75/month (share with other equipment)
 - Maintenance \$0
 - Customer support: \$0
- For 20 customers/month, income
 - Net; \$60/month, payback on investment < 3.5 months
- For 100 customers/month, income
 - Net; \$600/month, payback on investment < 2 weeks
- For 500 customers/month, income
 - Net; \$3300/month, payback on investment < 2 days



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How much will it cost ? (using resort example)

- Resort example (Caribbean)
 - **Guests wanting Internet access are charged \$50/week**
- Total investment (includes equipment, installation and training)
 - **\$38,500**
- Monthly operating costs (support, maintenance)
 - **\$4,000**
- Monthly gross sales (via pre-pay scratch cards)
 - **\$20,000**
- Monthly net income
 - **\$16,000**
- Time for payback on investment
 - **2.5 months**



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What is required to install a wireless Internet hot spot?

- A small installation like a coffee bar will take 1 hour
 - Time will be saved by using equipment that is powered over the Ethernet cable: this avoids having to run power to the location of the access point
 - Remember that the access point is placed in a location that is good for the antenna
- A large installation like the resort example might take 1 month to install: there are many tasks
 - Install long range wireless equipment on a mast and medium range equipment at each location
 - Run cat-5 cable from the server room to the mast
 - Run cat-5 cable to all access point locations
 - Run cat-5 cable to all rooms
 - Run cat-5 cable to the business center
 - Staff training to sell Internet, and answer questions
 - Train customer technical support staff

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How should I start with a wireless Internet hot spot?

- Always start small with the minimum investment
 - Learn how the technology works
 - Learn how to support customers
 - Test different Internet selling strategies
 - Talk to customers, ask if they like the service
 - How many customers will use the Internet/month?
 - Analyze the financial results, cost, sales, profit
 - Is the wireless Internet hot spot system is reliable?
 - Is system performance adequate (any complaints)?
- Verify the results against initial expectations
 - Were expectations met or exceeded?
 - No: cut your losses, stop the service
 - Yes: plan how to expand based on your new data
- Expand carefully, test and verify at every step
 - That way you avoid surprises and mistakes

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How can I grow the wireless Internet hot spot sales?

- The income from your wireless Internet hot spot is limited by the number of customers who want Internet access
 - **What % of total customers use the Internet?**
 - **Offer a free trial to increase this %**
- Will local companies want to advertise to your customers
 - **Sell hot-spot banner advertising**
- Sell computer accessories to wireless Internet hot spot users
 - **USB wireless devices for lap top owners**
 - **USB storage devices are also popular**
- Sell additional services to hot spot users
 - **Access to a printer; charge per page printed**
 - **Customers can print maps and itineraries**
 - **Photo printer so customer can print vacation photos**



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How will the wireless Internet hot spot help my business?

- How can the overall sales of the business be improved with a wireless Internet hot spot
 - **Advertise that Internet is available: some customers make travel decisions based on availability of the Internet**
 - **Will free Internet attract customers from nearby competitors?**
 - **Can services /products be sold through the hot spot (e.g. resorts can have on-line reservations for trips)**
- Make the wireless Internet hot spot log-in page an extension of your web site
 - **Make sure customers are familiar with your web site**
- Use the Internet to improve customer loyalty
 - **Free Internet voucher for next visit**
 - **Free Internet voucher for referrals to friends**

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What new business opportunities can a wireless Internet hot spot bring?

- Many types of businesses can use wireless Internet hot spots to develop new opportunities
- Example: Golf club
 - A golf club can provide wireless coverage of the golf course
 - Golf carts can be fitted with laptop computers
 - Golfers want access to information while playing
 - Business emails
 - Golf course information
 - Weather information
 - Etc.
 - Charge extra for the “intelligent golf cart” service
- How can your business branch into new services with the Internet?



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What are the biggest obstacles?

- Business owners lack technical understanding of wireless Internet hot spots
 - Hire a part time high school kid who knows about networks and can set up a low cost hot spot test; then ask customers what they think about the service
- Business owners think that the equipment and software is too complicated to set up and operate
 - Most hot spot systems are very complicated because they can do many different things
 - Look for products like “hot-spot-in-a-box” – products are available that are truly plug and play
- Customers ask too many questions and complain when their computers do not work
 - Customer support is a serious issue: if that high school kid is smart keep him/her on part time
 - Outsource support to a specialized company that provides a 1-800 number. For a hotel they charge about \$100 per room per year



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- Wireless Internet hot spots can provide additional profits for some businesses
 - **Some business segments will clearly make good hot spot profits: airports, resorts, etc.**
- Some businesses can improve performance by offering a free wireless Internet hot spot service
 - **Internet access has become a competitive differentiator for business segments like hospitality**
- Some businesses are borderline, a wireless Internet hot spot will be a loss, break even or maybe a small profit
 - **Make very careful tests with minimum investment before expanding the service**

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For more information

Products for public Internet networks:

Fire4 Systems Inc. – www.fire4.com
Tel: 305-558-8773

Hospitality industry public Internet solutions

Hospitality Internet Solutions – www.hospitality-internet.com
Tel: 305-394-6333

OEM software customers – www.avansu.com

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