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DALLAS-FORT WORTH
METROPLEX

Dallas Business Journal

OCTOBER 27-NOVEMBER 2, 2006

TOP NEWS

in Metroplex business

Lucky 7s?

— Growth for InnerWireless is on tap, now that the Richardson company has nabbed \$7.7 million in a fourth funding round. **P9**

Profitability in sight for InnerWireless

Richardson tech co. secures \$7.7M for new technology

BY JEFF BOUNDS | STAFF WRITER

InnerWireless Inc., a Richardson supplier of technology that allows wireless devices to be used anywhere in large buildings and campuses, has received \$7.7 million in a fourth round of funding.

Investors in the business include several local venture concerns, including Sevin Rosen Funds, Genesis Campus and Technology Associates Management Co. Out-of-state backers include New York's Rho Ventures, Tennessee's Massey Burch Capital Corp. and Colorado's Centennial Ventures. Johnson Controls, a Wisconsin technology conglomerate and business partner of InnerWireless, also owns a significant stake and holds a board seat.

Since its inception in September 2001, InnerWireless has raised a total of roughly \$57.7 million in venture financing. "This funding allows us to get to profitability," says Ed Cantwell, chairman, president and CEO. "Whether we do another round depends on our growth objectives. Another round would be for growth, not to fund operations."

Cantwell says the latest infusions will be used for growth, including the launch of a new product slated for release at the end of this quarter.

Dubbed SPOT, the technology uses radio-frequency wireless communications to pinpoint the position of people

and things in a given location. Developed at the behest of InnerWireless' customers, SPOT does this by putting small tags on people or assets. Cantwell says the technology can be added to InnerWireless' other system, or can be provided on a stand-alone basis.

InnerWireless's core technology uses a system of cables, antennas and base stations to solve a common problem in large buildings and campuses — the inability of wireless devices like cellphones to function properly inside those facilities.

In some instances InnerWireless either owns or co-owns the system, and generates recurring revenue by leasing capacity to wireless services carriers.

The most common scenario, however, is for a client to buy the system outright. This is especially true in health care, one of InnerWireless' three target markets. Its other two principal targets are *Fortune* 100 companies and high-end hospitality facilities, such as hotels and casinos.

Cantwell says InnerWireless has about 120 customers, about half of which are in the health care field.

Since January 2005, its health care clientele has grown to include 67 hospitals with a total of 23 million square feet of coverage area.

Roman Kikta, general partner at Genesis Campus, says InnerWireless' system provides a breadth of coverage, from Wi-Fi to cellular phones, and can handle multiple carriers simultaneously.

"There are great economies of scale that it presents," he says. "InnerWireless is a leader in its sector."