

BOINGO WIRELESS INC
Form 10-K
April 13, 2012

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number: 001-35155

BOINGO WIRELESS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State of other jurisdiction of
incorporation or organization)

95-4856877

(I.R.S. Employer
Identification Number)

10960 Wilshire Blvd., Suite 800

Los Angeles, California 90024

(Address of principal executive offices, Zip Code)

(310) 586-5180

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.0001 par value

(Title of each class)

The NASDAQ Stock Market LLC

(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting Company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the Registrant's voting and non-voting common equity held by non-affiliates of the Registrant as of the last day of the Registrant's most recently completed second fiscal quarter was \$148,410,611, based on the last reported sale price of \$9.08 per share on the NASDAQ Global Market on June 30, 2011.

As of March 26, 2012, 34,561,955 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Annual Report for the year ended December 31, 2011 are incorporated by reference into Part II of this Form 10-K.

Portions of the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be filed within 120 days of the Company's year ended December 31, 2011 are incorporated by reference into Part III of this Form 10-K where indicated.

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**BOINGO WIRELESS, INC.
ANNUAL REPORT ON FORM 10-K FOR
THE YEAR ENDED DECEMBER 31, 2011**

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Forward-Looking Statements

We have made forward-looking statements in this Annual Report on Form 10-K that are subject to risks and uncertainties. Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section and Section 21E of the Securities Exchange Act of 1934, as amended, are subject to the "safe harbor" created by those sections. The forward-looking statements in this report are based on our management's beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as "anticipates," "aspires," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will" or "would" or the negative of these terms and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this document in greater detail under the heading "Risk Factors." We believe it is important to communicate our expectations to our investors. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risks described in "Risk Factors" included in this report, as well as any other cautionary language in this report, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in "Risk Factors" and elsewhere in this report could harm our business.

Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this filing. You should read this document completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify our forward-looking statements by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Unless the context otherwise requires, we use the terms "Boingo," "company," "we," "us" and "our" in this prospectus to refer to Boingo Wireless, Inc. and, where appropriate, its subsidiaries.

PART I

Item 1. Business

Company Overview

Boingo makes it simple to connect to the mobile Internet.

We make it easy, convenient and cost effective for individuals to find and gain access to the mobile Internet through high-speed, high-bandwidth Wi-Fi networks globally. Our solution includes easy-to-use software for Wi-Fi enabled devices such as smartphones, laptops and tablet computers, and our sophisticated back-end system infrastructure that detects and enables one-click access to our extensive global Wi-Fi network. Individuals use our solutions to access what we believe is the world's largest commercial Wi-Fi network, consisting of over 400,000 Wi-Fi locations, or hotspots, in over 100 countries at venues such as airports, hotels, coffee shops, shopping malls, arenas, stadiums and quick service restaurants.

We have direct customer relationships with users who have purchased our mobile Internet services, and we provide solutions to our partners, which include telecom operators, cable companies, technology companies, enterprise software and services companies, and communications companies to allow their

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millions of users to connect to the mobile Internet through hotspots in our network. From 2009 to 2010, we grew our subscriber base from 140,000 to 200,000, a growth rate of 42.9%. As of December 31, 2011, we have grown our subscriber base to 257,000, an increase of 28.5% over the prior year.

Individuals who are accustomed to the benefits of broadband performance at home and work are seeking the same applications, performance and availability on-the-go, through smartphones, laptops, tablet computers and other devices. We believe that this consumer demand has created a significant market opportunity that we are uniquely positioned to capture.

We generate revenue from individual users, partners and advertisers. Individual users provide approximately half of our revenue by purchasing month-to-month subscription plans that automatically renew, or hotspot specific single-use access to our network. In addition, our partners pay us usage-based network access and software licensing fees to allow their customers access to our network. We also generate revenue from telecom operators that pay us build-out fees and access fees so that their cellular customers may use our distributed antenna system or DAS at locations where we manage and operate the Wi-Fi network. We also generate revenue from advertisers that seek to reach our users with display advertising, sponsored access and other promotional programs.

We install, manage and operate wireless network infrastructure to provide Wi-Fi services at our managed and operated hotspots, where we generally have exclusive multi-year agreements.

We were incorporated in the State of Delaware in April 2001 under the name Project Mammoth, Inc. and changed our name to Boingo Wireless, Inc. in October 2001. Our principal executive offices are located in Los Angeles, California and to provide better support to our customers located outside of the United States, and to help build our business internationally, we maintain an office in the United Kingdom. Our website address is www.boingo.com.

Industry Overview

Popular business and consumer applications such as streaming media, online games, social networking, cloud storage, software-as-a-service and video calling require high-speed, high-bandwidth Internet access. These data-intensive applications are driving an escalation in Internet data traffic. With the proliferation of smartphones, laptops, tablet computers and other Wi-Fi enabled devices, users expect to be able to access the same content and information while on-the-go. Mobile data consumption is expected to increase by 27 times over the next three years as projected by Cisco's Visual Networking Index.

The adoption, growth and advancement of smartphones are key catalysts for the acceleration of high-speed and high-bandwidth mobile Internet usage. The improved computing power, rich graphical user interfaces and Internet capabilities of these devices enable mobile users to make video calls or stream full-length movies, contributing to the vast expansion of the wireless consumption of data. For example, the average smartphone user generates ten times the amount of data traffic generated by the average non-smartphone user, according to Cisco's Visual Networking Index. In addition, the average iPhone user utilizes five to ten times more data per month than the average smartphone user roughly 400 megabytes versus the typical 40-80 megabytes, according to Nielsen. Widely-used mobile applications allow individuals to access the same content and services on their smartphones and other mobile devices that they use at their homes or offices. According to Infonetics, the number of phone-based mobile broadband subscribers is expected to reach 1.1 billion in 2014, representing a compound annual growth rate, or CAGR, of 35%.

To cope with the significant increase in expected global mobile Internet data traffic, network operators are rapidly expanding their capacity and investing in technologies such as 3G and 4G cellular networks. According to International Data Corporation or IDC, nearly 300 of these operators have

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deployed 3G and 4G networks in more than 120 countries. These investments, while necessary, are only a short-term solution not capable of meeting the long-term demand for data usage. To ease the strain of cellular networks by off-loading data, network operators have also been investing in Wi-Fi and emerging technologies such as Worldwide Interoperability for Microwave Access, or WiMAX and Super Wi-Fi, a new technology that has not yet been implemented.

Wi-Fi provides higher speed and higher bandwidth per user in high density locations, and is simpler and less expensive to deploy than additional cellular network capacity. The benefits of and consumer demand for Wi-Fi have led hardware manufacturers to include Wi-Fi as a standard feature on laptops and tablet computers, and increasingly, smartphones, digital cameras and handheld media devices. Shipments of semiconductor chips that enable Wi-Fi connectivity are expected to grow to 929 million in 2013, according to IDC. Wi-Fi has become the standard protocol for residential and office wireless networks and is increasingly prevalent in public venues, such as airports, hotels, coffee shops, shopping malls, arenas, stadiums and quick service restaurants.

Challenges Facing Our Industry

The mobile Internet is a complex and constantly evolving ecosystem, comprised of over a billion mobile Internet-enabled devices from dozens of manufacturers, which are powered by many different operating systems. Devices use different network technologies and must be configured with the appropriate software to detect and optimize a connection to the mobile Internet. This complexity is amplified as new device models and operating systems are released, new categories of devices become Internet-enabled, and new network technologies emerge.

The increasing number of mobile Internet-enabled devices in this ecosystem is causing an even more rapid increase in data consumption. Despite spending billions of dollars every year to expand their networks, network and telecom operators still face capacity-strained networks. Innovations in broadband technologies such as 3G and 4G will not be sufficient to relieve the strain on networks.

Our Strategy

We believe we are the leading global provider of commercial mobile Wi-Fi Internet solutions. Key elements of our strategy to extend that lead are to:

Grow the installed base of our software. We intend to acquire new software users through the growing number of our managed and operated hotspots worldwide and by partnering with leading manufacturers of smartphones, laptops, tablet computers and eReaders to make our software client available in online application marketplaces, or app stores, and preloaded on their devices.

Leverage our neutral-host business model. Our neutral-host model enables us to partner with venue operators because we allow their customers to access the venue's network regardless of the customers' Wi-Fi provider. We also partner with telecom operators that are attracted to us because we do not compete for cellular subscribers. We intend to increase the value of our network by partnering with additional venues, network operators, telecom operators and technology companies.

Invest in our software to enhance the customer experience. We continue to extend our platform by adding new features such as the ability to locate and connect to free and open networks, integration with leading social networking sites and support for additional foreign languages. We also plan to improve the monetization capabilities of our business model through location based services, in-client advertising and e-commerce.

Expand our network. We intend to continue to grow our global network by increasing our managed and operated presence at airports and other venues such as shopping malls, arenas,

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stadiums and quick service restaurants. We also plan to enter into new roaming agreements with other network and hotspot operators.

Grow our business internationally. We believe that the market for Wi-Fi mobile Internet services will grow rapidly in Europe and Asia as the penetration of smartphones and other Wi-Fi enabled devices increases. We plan to continue our growth beyond the recent additions of Rome's Fiumicino airport, Thailand's Phuket International airport, and our agreement with LGU Plus to increase our presence throughout Europe and Asia.

Increase our brand awareness. We will continue to seek new ways to promote our brand through our managed and operated hotspots. We intend to enhance our brand through low-cost co-marketing arrangements with our partners and through periodic promotional and sponsorship activities, and by continuing to leverage the reach of social media to interact with our customers.

Services

Our solution makes it easy, convenient and cost effective for individuals to find and gain access to the mobile Internet through high-speed, high-bandwidth Wi-Fi networks globally.

Retail. We enable individuals to purchase mobile Internet access at our managed and operated hotspots and select partner locations around the world. We offer a selection of month-to-month subscription and single-use access plans. Our most common plans are the \$9.95 month-to-month subscription, the \$7.95 month-to-month smartphone only subscription and the single-use Boingo AsYouGo for laptops at \$7.95 per day. Our single-use access plans provide unlimited access to a specific hotspot for a defined period of time, tolled from the time the user first logs on to the network. We will continue to launch other flexible plans to meet the evolving needs of our customers.

Retail Plan	Device	Purchase Method
<i>Subscription:</i>		
Boingo Unlimited	Laptop and Smartphone(1)	Charge Card and PayPal
Boingo Mobile	Smartphone(1)	Charge Card and PayPal
Boingo Global	Laptop or Smartphone(1)	Charge Card and PayPal
Boingo Wi-Fi Combo	Laptop and Smartphone(1)	Charge Card and PayPal
Boingo UK and Ireland	Laptop and Smartphone(1)	Charge Card and PayPal
Boingo Europe Plus	Laptop and Smartphone(1)	Charge Card and PayPal
Boingo Asia Pacific	Laptop and Smartphone(1)	Charge Card and PayPal
<i>Single-use:</i>		
Boingo AsYouGo	Laptop or Smartphone(1)	Charge Card and PayPal
Boingo Wi-Fi Credits	Apple iOS devices	Apple iTunes
Boingo Exhibitor	Laptop or Smartphone(1)	Charge Card and PayPal

(1) Includes tablet computers.

Wholesale. Our integrated hardware and software platform allows us to provide a range of value-added services to network operators, technology companies, enterprise software and services companies, telecom operators and venue operators.

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Roaming services. We offer roaming services across our entire network of over 400,000 hotspot locations to our partners who can then provide mobile Internet services to their customers at these locations.

Platform services. We license our proprietary software and provide software integration and development services to our platform services partners. This enables them to integrate our mobile Internet solution with their product and service offerings. Our solution includes our proprietary, patented techniques for wireless signal detection, presentation and network aggregation.

DAS infrastructure. We offer our telecom operator partners access to our DAS infrastructure at certain of our managed and operated hotspot locations. We deploy our DAS infrastructure within airports and other locations that require additional signal strength to improve the quality of cellular services.

Turn-key solutions. We offer our venue partners the ability to implement a turn-key Wi-Fi solution, with no initial investment, through a Wi-Fi network infrastructure that we install, manage and operate.

Advertising. Our platform provides a valuable opportunity for advertisers to reach a targeted base of visitors to our landing pages with display advertising, sponsored access and other promotional programs. We offer display advertising based on impressions delivered by our platform. We also offer advertisers the opportunity to sponsor free wireless Internet access to individuals.

Our Network

In 2006, we acquired Concourse Communications Group, LLC and its network of 12 managed and operated airports, which became our first managed and operated hotspots. In 2007, we acquired Sprint Spectrum's network of seven managed and operated airports and one non-exclusive airport, and in 2008 we acquired Opti-Fi Networks, LLC which included Wi-Fi networks at 25 airports and the Washington State Ferries.

Through our managed and operated hotspots and our strategic partnership arrangements, users have access to over 400,000 hotspots worldwide in venues such as airports, hotels, coffee shops, shopping malls, arenas, stadiums and quick service restaurants. We design, build, monitor and maintain the Wi-Fi network at our managed and operated hotspot locations primarily located in the United States and Europe. Our strategic partnership arrangements with over 125 network operators allow us to extend our global network to over 100 countries worldwide.

Boingo hotspot locations by region as of December 31, 2011:

Region	Airport	Café / Retail	Convention Center	Hotel	Other(1)	Total
North America	128	2,629	48	3,457	3,795	10,057
South America	79	1,505	4	76	277	1,941
EMEA	218	12,353	308	11,952	200,930	225,761
Asia	167	49,995	285	16,463	129,602	196,512
Total	592	66,482	645	31,948	334,604	434,271

(1) Includes schools and universities, offices, hospitals and public spaces.

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Marketing and Business Development

Our marketing and business development efforts are designed to cost effectively attract and retain new customers, expand our footprint of Wi-Fi hotspot locations and identify business partners that could leverage our network to provide mobile Internet services to their customers. We focus on efficient customer acquisition and brand building through our on-line presence, airport signage, public relations, market research and other promotional activities.

We seek to maximize customer lifetime value by managing subscriber acquisition cost, extending customer life and determining appropriate pricing. We use information about subscriber behavior to help us retain customers and determine premium offerings. Our segmentation is focused at the product level, so that we provide the right product, plan and price for each customer in each region of the world where we operate. Our plans are available for essentially all Wi-Fi enabled devices and are priced on a month-to-month or per-use basis.

We issue regular press releases announcing important partnerships and product developments and continually update our website with information about our network and services.

Development

Our development efforts are focused primarily on increasing the ease of use and functionality of our software client, integrating our software client with our wholesale partners and continuing to adapt our technology to new operating systems and platforms. Our development model is based on a structured development process that incorporates Agile development practices so any deviations can be promptly corrected to improve reliability in our network and enhance customer satisfaction. We typically deliver product releases and feature enhancement on a semi-annual basis. For the years ended December 31, 2011, 2010 and 2009, development and technology expenses were \$9.4 million, \$8.5 million and \$7.4 million, respectively.

Technology

Over the past 11 years, we have developed proprietary systems that include the Boingo software client; authentication, authorization and tracking systems; mediation and billing systems; and a real-time operational support and software configuration and messaging infrastructure.

Boingo Software Client

The Boingo software client is installed on Wi-Fi enabled devices such as smartphones, laptops and tablet computers. The key features of the Boingo software client include:

Simple user interface. The Boingo software client provides individuals with an uncomplicated, user-friendly interface designed to streamline the Wi-Fi network connection process. The software finds hotspots and monitors the availability of Wi-Fi hotspots in the Boingo network, presents a notification message of the hotspot identified and allows one-click user connections. In some devices, connection to a Boingo Wi-Fi hotspot occurs in the background, providing the user with a notification-free connectivity experience.

Support for all major operating system platforms. The Boingo software client supports a wide range of laptop and mobile device operating systems, including Android, BlackBerry OS, iOS, Linux, Mac OS, Symbian, Unix and Windows.

Automatic updates. The Boingo software client automatically receives identification information for new hotspot locations as they are added to the Boingo network, including any information needed to automatically identify and login to the network. Location information, allowing a user

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to find Boingo hotspots from the client, is also automatically updated. On all but embedded platforms, software updates are also automatically offered to a user when available.

Custom branding and flexible integration alternatives. We offer wholesale customers the ability to integrate the Boingo software client into their products and services. Additionally, we offer wholesale customers the option to utilize a custom, rebranded reference design of the software client used in our retail customer offering.

Authentication, Authorization and Tracking System

Our proprietary authentication, authorization and tracking system enables the reliable, scalable and secure initiation and termination of user Wi-Fi sessions on our network. This system authenticates our network users across a wide variety of hotspots and network operators, through a normalized authentication protocol. Through the authorization process, custom business rules ensure user access based on specific service parameters such as location, type of device, service plan and account information. Our system also captures duration, data traffic, location, and type of device. We normalize and process this data from disparate providers for our use and for our wholesale partners.

Mediation and Billing System

Our mediation and billing system records and analyzes individual usage sessions required to bill for Wi-Fi usage. Users are charged based on variables such as pricing plan, device type, location and time of use. Our system consolidates usage session information, determines the user identity and applies the appropriate aggregation and flagging to ensure proper usage processing. Our system handles exceptions automatically. Exceptions that cannot be solved automatically are brought to the attention of the operations staff, who rectifies any discrepancies. The billing system provides billing based on roaming relationship, user type, device type and account type. Our retail customer mediation and billing is handled by the same infrastructure used for wholesale customer and billing, resulting in efficiencies of scale and operation.

Software Configuration and Messaging System

Our software configuration system provides real-time network configuration updates for approximately 682 networks and 115 detection and login methodologies used by the Boingo software client to access our network. Our software configuration system automatically registers new network definitions and login methodologies to allow individuals to connect to our hotspot locations. All supported platforms use a single configuration, providing a high level of operational and test efficiency. Our messaging system enables real-time customer notification and system interaction at login, based on location, network, user, account type, device and usage. This approach enables us and our partners to deliver custom marketing or service messages.

Operations

We provide significant operational support for our managed and operated Wi-Fi hotspots and other hotspots in our network. For our managed and operated Wi-Fi hotspots, we design, build, monitor and maintain the network. For roaming partners, we monitor hotspot uptime and report outages so that they can be quickly remedied. We have service level agreements with our roaming partners specifying minimum network uptime requirements.

Our Wi-Fi deployments are based on the IEEE 802.11a, b, g and n standards and operate in the 2.4 GHz and 5 GHz unlicensed spectrum bands. Our deployments may also include DAS within venues requiring enhanced cellular coverage.

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We generate revenue primarily from our retail customers and wholesale partners. Our retail customers purchase month-to-month subscription plans that automatically renew, or single-use access to our network. We acquire our retail customers primarily from mobile Internet users passing through our managed and operated locations, where we generally have exclusive multi-year agreements. Some of our wholesale partners license our software and pay usage-based network access fees to allow their customers access to our global Wi-Fi network. Other wholesale partners that are telecom operators pay us build-out fees and access fees for our DAS, enabling their cellular customers to access these networks. Some of our wholesale partners pay us to provide Wi-Fi services in their venue locations under a service provider arrangement. Our wholesale partner relationships are generally governed by multi-year contracts. We acquire our wholesale partners through our business development efforts. We also generate revenue from advertisers that seek to reach visitors to the landing pages at our managed and operated network locations with online advertising, promotional and sponsored programs. For the years ended December 31, 2011 and 2010, a group of affiliated entities all of which are affiliated with Verizon Communications, Inc., which collectively accounted for more than 10% of revenue. The loss of this group could have a material adverse impact on our consolidated statements of operations.

Key Business Metrics

In addition to monitoring traditional financial measures, we also monitor our operating performance using the following key performance indicators:

	Year Ended December 31,		
	2011	2010	2009
	(in thousands, except churn data)		
Subscribers	257	200	140
Monthly churn	9.2%	9.5%	9.7%
Connects	7,978	7,762	5,397

Subscribers. This metric represents the number of paying retail customers who are on a month-to-month subscription plan at a given period end.

Monthly churn. This metric shows the number of subscribers who canceled their subscriptions in a given month, expressed as a percentage of the average subscribers in that month. The churn in a given period is the average monthly churn in that period. This measure is one indicator of the longevity of our subscribers. Some of our customers who cancel subscriptions maintain accounts for single-use access.

Connects. This metric shows how often individuals connect to our global Wi-Fi network in a given period. These are paid connects from our retail customers and wholesale partners, with which we have usage-based agreements. We count each individual as a single connect regardless of how many times that individual accesses the network at a given venue during their 24 hour period. This measure is an indicator of paid activity throughout our network.

Retail Customer Support Services

We provide support services to our retail customers 24 hours per day, 7 days per week, 365 days per year, by phone, chat or email. Our website also contains a comprehensive list of responses to frequently asked questions, and we monitor and respond to social media communications regarding our services. We provide support services through our internal customer care department and we rely on a third-party provider for most of our standard customer support.

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Competition

The market for mobile Internet services and solutions is fragmented and competitive. We believe the principal competitive factors in our industry include the following:

price;

ease of access and use;

quality of service;

geographic reach;

bundled service offerings;

brand name recognition; and

flexible pricing plans.

We believe we face no material direct competitors to our service offerings. Indirect competitors include telecom operators, WiMAX operators, cable companies, self-managed venue networks and smaller wireless Internet service providers. Some of these competitors have substantially greater resources, larger customer bases, longer operating histories and greater name recognition than we have. Others offer bundled data services with primary service offerings that we do not offer such as landline and cellular telephone service, cable or satellite television, media and fixed-line Internet. Many of our indirect competitors are also partners from whom we receive revenue when their customers access our network. We believe that we compete favorably based on geographic coverage, network reliability, quality of service, ease of use and cost.

Intellectual Property

Our ongoing success will depend in part upon our ability to protect our core technology and intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including trade secrets, patents, copyrights and trademarks, as well as contractual restrictions.

We have one issued patent which expires in 2022 and four patent applications pending in the United States, two of which are also pending in the European Patent Office, Canada, Japan, South Korea, and China, and one which is pending with the Patent Cooperation Treaty. We intend to pursue corresponding patent coverage in additional countries to the extent we believe such coverage is appropriate and cost effective.

Our registered trademarks in the United States and the European Union include "Boingo Wireless", "Boingo", and "Don't just go. Boingo." We have filed other trademark applications in the United States and other countries.

In addition to the foregoing protections, we control access to, and use of, our proprietary software and other confidential information through the use of internal and external controls, including contractual protections with employees, contractors, customers and partners. Our software is protected by United States and international copyright laws.

Employees

As of December 31, 2011, we had 149 employees, including 50 in development and technology, 59 in operations, 24 in business development and marketing and 16 in general and administrative. All of our employees are full-time employees. None of our employees are represented by a labor union or are covered by a collective bargaining agreement. We have never experienced any employment related work

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stoppages and consider relations with our employees to be good. As of December 31, 2011, we also had arrangements with a third party call center provider in New York that provided us with

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approximately 42 full-time equivalent contractors for retail customer support service and similar functions.

Facilities

We currently lease approximately 25,100 square feet of space for our corporate headquarters in Los Angeles, California under a lease agreement that expires in February 2018. We have offices in Chicago, Illinois; Lake Success, New York; McKinney, Texas; Detroit, Michigan; and London, United Kingdom. We believe our current office facilities will be adequate for the foreseeable future.

Legal

We are not presently a party to any material legal proceedings. From time to time, we may become involved in legal proceedings in the ordinary course of our business.

Financial Information about Segments and Geographic Areas

Reference to our segments and the geographic areas where we operate is contained in Note 2 to our accompanying Consolidated Financial Statements included in Part II, Item 8 of this report.

Available Information

Our filings with the United States Securities and Exchange Commission or SEC, including this annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K are available free of charge through the Investor Relations section of our company's website at <http://www.boingo.com> and are accessible as soon as reasonably practicable after being electronically filed with or furnished to the SEC.

Copies of this report are also available free of charge from Boingo Corporate Investor Communications, 10960 Wilshire Blvd, Suite 800, Los Angeles, CA 90024. In addition, our Corporate Governance Guidelines, Code of Conduct and written charters of the committees of the Board of Directors are accessible through the Corporate Governance tab in the Investor Relations section of our website and are available in print to any stockholder who requests a copy.

You may read and copy materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington DC 20549. Information on the operation of the Public Reference Room is available by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports and other information we file, and proxy statements to be filed with the SEC. The address of the SEC's website is <http://www.sec.gov>.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this report on Form 10-K, including our accompanying consolidated financial statements and the related notes, before deciding whether to purchase shares of our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. The price of our common stock could decline and you could lose part or all of your investment.

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Risks Related to Our Business

A significant portion of our revenue is dependent on our relationships with our venue and network partners, and if these relationships are impaired or terminated, or if our partners do not perform as expected, our business and results of operations could be materially and adversely affected.

We depend on our relationships with venue partners, particularly key airport venue partners, in order to manage and operate Wi-Fi hotspots. These relationships generate a significant portion of our revenue and allow us to generate new retail customers. Our agreements with our venue partners are for defined periods and of varying durations. If our venue partners terminate or fail to renew these agreements, our ability to generate and retain retail customers would be diminished and our network of Wi-Fi hotspots would be reduced, which might result in a significant disruption of our business and adversely affect our operating results.

We depend on our relationships with network partners to allow users to roam across Wi-Fi networks that we do not manage or operate. A significant portion of our revenue depends on maintaining these relationships with network partners. Some network partners may compete with us for retail customers and may decide to terminate our partnerships and instead develop competing retail products and services. Our network partner agreements are for defined periods and of varying durations. If our network partners terminate these agreements, or fail to renew these agreements, our ability to retain retail customers could be diminished and our network of Wi-Fi hotspots could be reduced, which could result in a significant disruption of our business and adversely affect our operating results.

Worldwide economic conditions, and their impact on travel and consumer spending, may adversely affect our business, operating results and financial condition.

Global economic conditions have been weak for a prolonged period of time, and levels of travel and consumer spending have been particularly depressed. Our business is impacted by travel and consumer spending, because users seek to access the mobile Internet while they are on-the-go, and because spending on Internet access is often a consumer discretionary spending decision. Factors that tend to negatively impact levels of travel include high unemployment, high energy prices, low business and consumer confidence, the fear of terrorist attacks, war and other macroeconomic factors. Economic conditions that tend to negatively impact levels of discretionary consumer spending include high unemployment, high consumer debt, reductions in net worth, depressed real estate markets, increased taxation, high energy prices, high interest rates, low consumer confidence and other macroeconomic factors. If the global economic recovery is slower than expected, or if it weakens, our retail customer base, new retail customer acquisition and usage-based revenue could be materially harmed, and our results of operations would be adversely affected.

Our business depends upon demand for mobile Internet services on Wi-Fi networks, market adoption of new technologies and our ability to adapt to such changes.

Our future success depends upon growing demand for mobile Internet services, which is inherently uncertain. The demand for mobile Internet services may decrease or may grow more slowly than expected. Any such decrease in the demand or slowing rate of growth could have a material adverse effect on our business. The continued demand for mobile Internet services depends on the continued proliferation of smartphones, tablet computers and other Wi-Fi enabled devices and the rate of evolution of data-intensive applications on the mobile Internet. Historically, we have derived substantially all our retail revenue from laptop users who purchased month-to-month subscriptions or single-use access. We may face challenges as we seek to increase the revenue generated from the usage on smartphones, tablet computers and other mobile devices.

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Our business depends on the continued integration of Wi-Fi as a standard feature in mobile devices. If Wi-Fi ceases to be a standard feature in mobile devices, or if the rate of integration of Wi-Fi on mobile devices decreases or is slower than expected, the market for our services may be substantially diminished.

Competing technologies pose a risk to the continued use of Wi-Fi as a mobile Internet technology. The introduction and market acceptance of emerging wireless technologies such as 4G, WiMAX and Super Wi-Fi, could cause significant disruption to our business, which may result in a loss of customers, users and revenue. If users find emerging wireless technologies to be sufficiently fast, convenient or cost effective, we may not be able to compete effectively, and our ability to attract or retain users will be impaired. Additionally, one or more of our partners may deploy emerging wireless technologies that could reduce the partner's need to work with us, and may result in significant loss of revenue and reduction of the hotspots in our network.

We deliver value to our users by providing simple access to Wi-Fi hotspots, regardless of whether we manage and operate the hotspot, or the hotspot is operated by a partner. As a result, our business depends on our ability to anticipate and quickly adapt to changing technological standards and advances. If technological standards change and we fail to adapt accordingly, our business and revenue may be adversely affected. Furthermore, the proliferation of new mobile devices and operating platforms poses challenges for our research and development efforts. If we are unable to create simple solutions for a particular device or operating platform, we will be unable to effectively attract users of these devices or operating platforms and our business will be adversely affected.

Negotiations with prospective wholesale partners can be lengthy and unpredictable, which may cause our operating results to vary.

Our negotiations with prospective partners to acquire Wi-Fi hotspots to operate, to acquire roaming rights on partners' networks, or for new partners to implement our solutions, can be lengthy, and in some cases can last over 12 months. Because of the lengthy negotiation cycle, the time required to reach a final agreement with a partner is unpredictable and may lead to variances in our operating results from quarter to quarter. Negotiations with prospective partners also require substantial time, effort and resources. We may ultimately fail in our negotiations, resulting in costs to our business without any associated benefits.

We may be unsuccessful in expanding into new venue types, which could harm the growth of our business, operating results and financial condition.

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