

New In-Flight E-Mail Falls Short

Hooking Laptop Into Airfone Proves Cumbersome, Pricey; Europe's Carriers Raise Bar

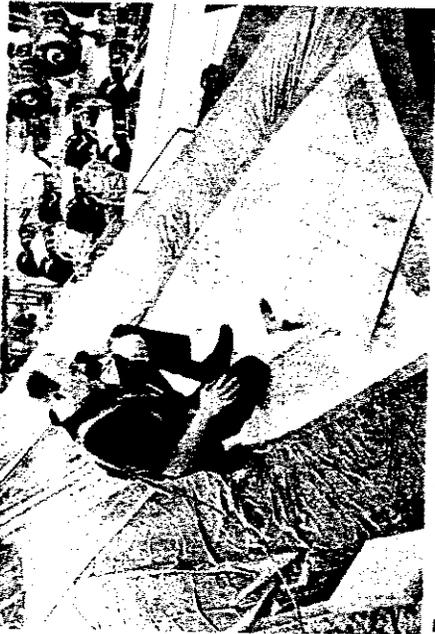
WHICH WOULD YOU rather have aboard an airplane flight: a wireless Internet connection with fast speeds—or a clunky e-mail service wired through one of those seat-back telephones?

That might seem like a no-brainer, but it's actually an expensive dilemma for airlines right now.

United, Continental and US Airways have been offering in-flight e-mail for several months through a company called Tenzing Communica-

tions Inc., which is backed by Airbus. The service involves plugging your laptop into the existing Verizon Airfones already mounted in seat backs. Like those phones, it's rather pricey for passengers: In-flight e-mail costs \$15.98 a flight, plus 10 cents a kilobyte for any file bigger than 5 kilobytes. (Transmitting the text of this column, for instance, would cost an extra \$2 or so.)

Sounds simple enough—you plug your laptop into the Airfone with a standard phone-jack cable. It's not terribly speedy, and it can get messy. For



European carriers are installing wireless Internet access, called Connection by Boeing, set to roll out next month.

use. Tenzing and airlines involved won't disclose sales, but "I'd be lying if I said we were ecstatic about use," says Tenzing's chief executive, Alan McGinnis. "I think our product is too complicated, which is typical of a first release." And, he adds, "Price is an issue." He says \$10 or below would be a price users would be more comfortable with. But because the telephone link is expensive, Tenzing is priced well above that for now.

Still, it was first to the market, and some 900 airplanes offer its in-flight e-mail. Importantly, there's almost no cost to airlines, since it uses the Airfones already in place.

That's different from Tenzing's competitor, Connection by Boeing Co., which is about to launch service next month on Lufthansa. Connection offers full Internet access through a wireless connection in an airplane cabin. It works much like any Wi-Fi link in an airport lounge or a coffee shop: You fire up your laptop, and if it has a wireless connection card, you'll get a Connection sign-in screen. You can register with Connection in advance, or when you're in the air. After you set up a user name and password, you can go straight to the Internet.

You can read and send your e-mail, access

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instance, if you and another flier in the same row buy the service, you might have to plug your laptop into an Airfone in the row behind you. And, once you're plugged in, the technology is cumbersome. To get your office e-mail, you'll probably need to know details like the Internet "address" of your company's e-mail server—something only a gear head might have handy. (You can get direct access to common providers such AOL, Yahoo or MSN.)

Guess what: The service isn't getting much

Airlines Face E-Mail Dilemma

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Web-based news and sports, watch programming loaded onto Connexion's onboard server, and even view live video programming (on your PC) via a satellite-based link. Basically, it turns the plane into an Internet cafe with very crowded seating—a Starbucks with weaker coffee.

Connexion will cost \$9.95 for 30 minutes or \$29.95 for an entire flight, which is by no means cheap. But the big hurdle is the cost to airlines. Carriers have to spend several hundred thousand dollars per plane, and maybe as much as \$500,000. Boeing won't say how much, but whatever it is, if you have 770 planes like American Airlines, it adds up to a huge expenditure.

For now, cash-strapped U.S. carriers are taking a wait-and-see stance. Both American and Delta Air Lines were early investors in Connexion but pulled out after the 2001 attacks. Today, neither says it's close to committing.

After all, airlines invested in in-flight telephones, only to find that the cell-phone explosion, not to mention the high cost and scratchy quality of the airplane phones, rendered them unappealing. "It's easy to make a costly error in this arena," says James Beer, chief financial officer at AMR Corp., American's parent.

Mr. Beer and other airline executives, many of them casting about for a competitive response to the in-flight satellite TV now offered on some discount airlines, say they want to provide service that customers want and are willing to pay for.

They're not yet sure what that is, but it seems pretty clear that the market has already spoken. On the ground, people will pay for high-speed Internet access. Consumers want that in the air, too. Continental Airlines has heard that in its passenger surveys. The Tenzing e-mail service is getting some use, says Kent Craver, manager of onboard product marketing at Continen-

tal. However, "most of our customers would rather have an Internet connection—that's the feedback we get."

Boeing, which says it has proposals out to 14 different airlines, points out that its full Internet access helps blunt the differences with planes offering satellite television. Servers aboard airplanes can spew programming such as movies and the History Channel, which, Boeing likes to point out, doesn't really need to be live. Add in other benefits of the Internet, and you might have something passengers would be willing to pay for.

What's more, because international carriers are the first adopters, Boeing has already lined up satellite coverage for its service across the Atlantic and will have coverage over the Pacific, South America and Africa by next year or the year after.

For its part, Tenzing says it will ultimately be able to offer broadband access. "This is the first step in a long road of technology moving from ground into the air," says Continental's Mr. Craver.

The company that chooses the wrong technology could end up with airplane cabins far less appealing to business travelers. The problem is that to offer robust service, a company has to invest. Lots of airlines are doing just that: Lufthansa and Singapore, among others, have committed to broadband Internet access. To keep up with competitors, U.S. airlines are going to have to bite the bullet, or risk losing high-dollar business travelers.

The technology is now ripening, and although U.S. carriers aren't yet ready to pick the fruit, they'll soon have to.



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