Ericsson buys BelAir to boost WiFi offering

Swedish telecoms gear maker Ericsson is to buy privately held WiFi technology company BelAir Networks to boost its mobile broadband offering.

Demand for wireless connectivity has boomed in the last couple of years with the proliferation of mobile devices, such as smartphones and tablets.

BelAir, which produces indoor and outdoor WiFi systems for telecoms operators that allow people to surf the Internet without a physical coupling to a network, has 120 staff.

"With this acquisition Ericsson will be able to add the WiFi functionality to its micro base stations at a low incremental cost, making its emerging small-cell cellular infrastructure offerings more appealing," said Pal Zarandy, a partner at telecom consultancy Rewheel.

Telecom operators see WiFi hotspots as crucial to helping them cope with wireless data traffic, which is expected to grow 26-fold in the next five years, according to Cisco, as usage of video on mobile devices surges.

Other telecom equipment vendors would likely follow Ericsson with acquisitions in the wireless hotspot sector, said analysts and industry executives.

"The Ericsson acquisition of BelAir is a harbinger of things to come, marking the beginning of a period of M&A activity in the telecoms equipment sector," said Selina Lo, president and CEO of BelAir's peer Ruckus Wireless.

"There is a huge land grab taking place in the wireless industry right now as mobile operators try to solve the issues of capacity and coverage, looking to smarter Wi-Fi technology," she said.

For example, China Mobile -- the world's largest mobile carrier by subscribers -- plans to deploy a million hotspots and Japan's second-largest mobile carrier, KDDI, plans to increase its 10,000 Wi-Fi hotspots to 100,000 within six months.

"Ericsson will lead the way in the growing converged WiFi and cellular market where improved end-user experience is the driving force," Ericsson CEO Hans Vestberg said in a statement.

"By integrating BelAir Networks' market-leading products and competence into Ericsson's existing radio portfolio, we will be able to do this more quickly."

Ericsson did not give any financial details of the deal.

Jefferies was advising BelAir -- which had raised some $43 million of venture funding

-- on the deal.

(Reporting by Simon Johnson and Tarmo Virki; Editing by Andrew Callus and Maureen Bavdek)

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