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Business Leaders Get It.

Monet founder bootstraps first product of new firm

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Monet Mobile Networks founder David Hsiao is at a crossroads.

His 13-month-old wireless networking startup, Junxion Inc., will soon need venture capital, but the 37-year-old entrepreneur isn't sure he wants to raise it.

As CEO of Monet, a wireless Internet service provider that closed its doors in March, Hsiao raised more than \$60 million to bring his vision of a mobile Internet for consumers to life. After the money was in the bank, Hsiao turned the reins at Monet over to more experienced operating executives and left in April 2001.

But the lessons of raising venture capital are still fresh in his memory, especially as Junxion brings its first product, called the Junxion Box, to market. The Junxion Box is an appliance that acts as a bridge between Wi-Fi-enabled devices, such as laptops and personal digital assistants, and cellular data networks.

"Taking on venture capital forced (Monet) to move faster than it probably should have," Hsiao said. "I don't regret taking the capital though, because at the time, the conventional thinking was that you never knew when the capital markets were going to dry up. Monet needed the capital for scale."

Hsiao and his two partners at Junxion, John Daley and Monet alumnus Peter Polson, are taking a "more methodical approach to going to market with the new startup," he said.

"That's sort of mandatory when you're bootstrapping one of these things," Hsiao said.

In September, Junxion inked two important deals in its measured march into the wireless Internet market. One is with San Diego, Calif.-based Novatel Wireless Inc., a maker of wireless modem cards that fit into a slot on the Junxion Box, enabling it to connect to the Internet.

The second alliance is with Trio Technologies of Car-

rollton, Texas, a distributor of wireless networking equipment. Hsiao said the deal with Trio gives it access to more than 500 companies, commonly called resellers, which can sell the Junxion Box to their existing customer base.

Today, Junxion has four paying customers using the Junxion Box — the University of Washington, the Washington state Department of Financial Institutions, engineering and construction company Olympic Associates Co. and Ironman Wetsuits, both of Seattle.

Gordon Dahl, president of 22-employee Trio Technologies, said there aren't many devices like the Junxion Box in the market today, especially at Junxion's price point.

"I've seen two competing products," Dahl said. "One was being sold for \$2,000 and the other was well over \$1,000."

According to Dahl, Junxion's product, which costs about \$600, is easier to use.

"(The Junxion Box) has a better software interface (than the others,) and the setup was very easy," he said. "And I would consider this a fairly complex solution."

One industry observer said Junxion is the first mover in its niche.

"Junxion is addressing a niche part of the enterprise mobile device market," said Brant Thompson, a telecommunications analyst with New York investment banking giant Goldman Sachs & Co. "There's clearly a need for it and there isn't a viable competing solution."

The advantage Junxion has over potential competitors such as home networking gear makers Linksys and NetGear is that its appliance can directly connect to the Internet via a carrier's data network.

The biggest risk the startup faces is Linksys, NetGear or even bigger telecom equipment manufacturers such as Nokia Corp. might decide to jump into the market, Brant said.

"When will someone like Motorola ... get into it, that's the question," he said.

Although Hsiao has his eyes on potential competitors,

PRODUCT IDEA

The idea behind the Junxion Box actually stems from Hsiao's earlier venture — Monet Mobile Networks, which would have been Junxion's first carrier customer if it had not gone out of business.

"As Monet went to market, they found that they had a large number of customers in industries like real estate that had numerous broadband devices," Hsiao said.

The problem was that all those devices used a variety of cellular standards and technologies to access the mobile Internet. Oftentimes, users couldn't connect to Monet's network.

"These devices needed a cross-platform technology," Hsiao said.

The Junxion Box enables mobile devices to connect to the Web whether they use Wi-Fi or one of the many competing cellular standards out there today, such as Sprint's EVDO or AT&T Wireless Services Inc.'s EDGE and UMTS data networks.

— JEFF MEISNER



David Hsiao is co-founder of 13-month-old wireless networking startup Junxion Inc., which recently landed deals with Novatel Wireless and Trio Technologies.

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his main focus is on Junxion's immediate strategic concerns — growing its distribution channel so it can create some noise in the marketplace for the Junxion Box and whether to raise venture capital.

He's also enjoying being at another startup.

"I find what motivates me is being involved in the very early stages of a startup, taking it from a blob of clay to an operating company," he said. "I don't do well in a highly bureaucratic environment."

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