Whitfield Street to Brick Lane:

Easynet, the UK Internet Moment, and the Architecture of Institutional Extraction

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Preamble: A Room Above a Café

In 1997, the internet was still young enough to feel like a promise rather than an infrastructure. Whitfield Street in Fitzrovia, London W1, was an unremarkable stretch of Georgian terraces and small commercial premises. At number 39, above a café called Cyberia — the first internet café in the United Kingdom — a company called Easynet was already three years into the work of wiring the country. I was there.

This document is not a corporate history. It is an attempt to understand, from an embedded position, how institutions founded on genuine creative purpose become, over time, components in an economy of extraction. Easynet is one such institution. The pattern it describes is not unique to the internet industry. It is the recurring logic of British economic life: build something real, lose the name, leave the infrastructure to someone who arrived later.

The observer in this account worked in sales at Easynet from 1997, dealt with major accounts, moved with the company to 1 Brick Lane, and remained until 2005 — the year British Sky Broadcasting acquired the company and the process of absorption began in earnest.

I. The Greenfield Builder and the Borrowed Exchange

Origins: 1 August 1994

Easynet was founded on 1 August 1994 by David Rowe and Keith Teare, operating initially from 39 Whitfield Street, London — the same building that housed Cyberia below. The symbolic geography mattered: the café was the public-facing culture of the new internet, the ISP above it was the invisible technical fact that made the culture possible. Rowe supplied

Cyberia's connection. In doing so, he was already practising the model that would define Easynet: infrastructure first, visibility later, if at all.

Rowe was a particular kind of founder. Not a Silicon Valley-style technical prodigy, but a seasoned operator who had taught in Singapore and Tokyo, started a small import-export business in Japan, and then — crucially — co-founded a banking software company in Poland in 1990, immediately after the fall of the Berlin Wall. He understood greenfield work: building where nothing yet existed, for customers who had capital but no modern infrastructure. Poland's newly privatising banks in the early 1990s were precisely that problem. The SMEs of early internet-era Britain were the same problem at different scale.

In March 1996, Easynet floated on the Alternative Investment Market at 100 pence per share, raising £2.6 million. It was a modest capitalisation for a company with large ambitions. For much of its first decade, Easynet operated by hiring space in BT exchanges — renting presence in the national telephone infrastructure rather than owning any of it. The company's assets were relationships, technical knowledge, and accumulated customer trust. The physical network was someone else's.

The DSL Push and the Exchange Programme

The company's most significant technical commitment came through its investment in local loop unbundling — the regulatory process by which BT was compelled to open its exchanges to competitors, allowing rival operators to install their own equipment in the last mile of copper wire connecting exchanges to homes and businesses.

Easynet was among the first to act on this opportunity. It installed DSLAMs — digital subscriber line access multiplexers — in BT exchanges across the country, building a physical presence in the infrastructure it had previously only rented. This was the period, somewhere around 1999 to 2001, when the company felt most fully itself: technically bold, commercially aggressive, building where others had not yet arrived. It was, for those working inside it, a period of genuine momentum.

That momentum had a quality that is difficult to render in retrospect without sentimentality. Easynet at approximately 150 people, installing equipment in exchanges, was the kind of organisation where individual capability was legible to leadership and where the work retained the character of its founding purpose. It was, in the language of a later theoretical framework, small enough that knowledge still resided in bodies rather than manuals.

II. The Ipsaris Transaction and the Limits of Timing

What Ipsaris Was

In June 2001, Easynet acquired Ipsaris from Marconi Communications in an all-share deal valued at £300 million. On paper, the strategic logic was sound to the point of elegance. Ipsaris owned one of the largest fibre optic backbones in the United Kingdom — 3,500 kilometres of cable running alongside the canal network, connecting fifty major towns and cities. It had infrastructure of genuine national significance. What it lacked was customers. Easynet had accumulated a substantial SME client base, commercial relationships, and operational expertise in the last mile. The two companies appeared to complete each other.

The deal was also, from Marconi's perspective, a disposal. Marconi Communications — itself the residual entity of the former GEC after the sale of its defence arm to BAE Systems — had embarked under Lord Simpson and deputy CEO John Mayo on an aggressive pivot into US telecoms equipment, spending approximately £4 billion on the acquisitions of RELTEC and FORE Systems at the peak of the bubble. Ipsaris was a fibre network that competed with Marconi's own customers. Reversing it into Easynet via an all-share deal removed the conflict and left Marconi with 72 percent of Easynet's equity.

The Crash and the Aftermath

Within nine months of the deal closing, the calculation had collapsed. Demand for capacity on the Ipsaris network had slumped. The fibre was mothballed. The network was written down from £350 million to £15 million and 90 staff were made redundant. The dot-com crash had arrived with the timing of a structural demolition charge placed before the foundations were set.

But the longer arc proved different. Marconi, facing its own catastrophic losses — the company's valuation fell from £35.5 billion in September 2000 to £2.8 billion within a year — was compelled to liquidate assets. By September 2003 it had sold its entire 72 percent stake in Easynet. The majority shareholder that had arrived via the Ipsaris deal was gone within two years, and control returned, in effect, to the company's management.

Easynet rebuilt. It acquired a Dutch broadband company in 2004, continued its LLU programme, and by 2005 claimed the second-largest core network in the United Kingdom. The Ipsaris fibre — once mothballed as a liability — had become the foundation of something that Sky Broadband would eventually depend upon to serve millions of residential customers.

III. The Marconi Parallel: What Capital Without Customers Produces

The Marconi story is worth dwelling on, because it illuminates by contrast what Easynet did right and what capital-intensive infrastructure without customer relationships produces when conditions shift.

GEC under Weinstock had been a managed conglomerate of genuine diversity — defence, white goods, power systems, telecoms. Its discipline was financial rather than strategic: Weinstock held it together through personal authority and rigorous cost control. When he retired in 1996, his successors inherited the cash pile and the brand but not the animating philosophy. What followed was a wholesale pivot into US telecoms equipment at precisely the moment the sector was most overvalued.

The acquisitions — RELTEC for £1.3 billion, FORE Systems for £2.8 billion — were both loss-making at the time of purchase and together held less than £300 million in combined assets. The debt burden was enormous. When the crash came, Marconi's major customers — the large telecoms operators — were themselves drowning in debt taken on to fund 3G licence fees auctioned by the UK government for £22.47 billion in April 2000. The machinery of collapse was systemic.

Marconi had built or acquired technically impressive infrastructure. What it lacked was the customer intimacy, the operational agility, and the founder-level attachment to purpose that characterised Easynet at its best. When external conditions turned, there was nothing to fall back on except assets whose value evaporated with the same speed as the conditions that had inflated them.

The contrast is instructive for understanding what institutions are actually made of. Easynet's resilience came not from its balance sheet but from the density of its relationships, the specificity of its technical knowledge, and the fact that the people doing the work understood why they were doing it. That understanding is precisely what extraction removes.

IV. The Sky Acquisition and the Logic of Absorption

What Sky Wanted

In October 2005 British Sky Broadcasting acquired Easynet for £211 million. The Office of Fair Trading cleared the deal on 31 December 2005. Sky was explicit, at the time and subsequently, about what it had purchased.

The acquisition gave Sky access to 232 unbundled telephone exchanges. These, combined with the Ipsaris fibre network that Easynet had mothballed, rebuilt, and integrated into its infrastructure, became the technical foundation of Sky Broadband. By October 2007, Sky Broadband had reached one million customers. The network Easynet had spent a decade building — exchange by exchange, customer by customer, beginning above a café in Whitfield Street — was carrying Sky's residential broadband traffic.

The SME client base, the B2B relationships, the sales force, the institutional memory of a decade of managed services work — these were not what Sky had come for. When Sky sold the business-to-business division in 2010 to Lloyds Development Capital for £100 million, the retained statement was clear: Sky would keep the UK network assets, which continued to support Sky Broadband and Sky Talk. The customers Easynet had actually built its business on were sold on. The infrastructure they had funded through their subscriptions remained with the acquirer.

The Dissolution

What followed was a series of transactions that progressively dissolved the institution. Easynet Global Services passed from LDC to MDNX in 2013, and from MDNX to Interoute in 2015 for £402 million. The brand that had begun above an internet café in 1994 finally disappeared into GTT Communications. In August 2023, GTT terminated the legacy Easynet email service — the last remaining operational trace of the original company.

The fibre network, by contrast, continues to function. Upgraded, re-routed, carrying traffic at volumes unimaginable in 1994, it is the invisible substrate of a broadcasting company's broadband product. The people who built it are not named anywhere on it. The institution that built it no longer exists. The infrastructure persists, abstracted entirely from its origins.

V. The Pattern and What It Means

The trajectory described here — founding purpose, technical excellence, acquisition, absorption, erasure of institutional identity while retaining the physical asset — is not an anomaly in British economic history. It is the template.

The canal network along which Ipsaris laid its fibre was itself built by private capital in the eighteenth century, absorbed by the railways, nationalised, and eventually handed to a public trust after decades of managed decline. The BT exchanges in which Easynet installed its DSLAMs were the residue of a national telephone infrastructure built with public investment, privatised in 1984, and subsequently used as a regulatory battleground between the incumbent and the companies attempting to compete with it. The pattern of extraction is not incidental to British infrastructure development. It is structural.

What varies is the speed. The internet economy compressed the cycle. Easynet moved from founding to acquisition in eleven years. The canal companies took a century. The underlying dynamic — genuine creative purpose produces real infrastructure; capital arrives when the infrastructure is proven; the institution is absorbed and the founding purpose is dissolved while the physical asset is retained — is identical.

The people who do the founding work rarely benefit proportionally from the absorption. The people who arrive with capital at the moment of proven value extract the majority of the return. This is not a moral judgment. It is a description of how the system operates, and it has consequences for how we understand what institutions are, what they are for, and what is lost when they are consumed.

Coda: The Building on Brick Lane

After Whitfield Street, Easynet moved to 1 Brick Lane in Shoreditch. The building became, under Sky's ownership, a data centre — physical racks of servers in a space where people had worked, argued, built client relationships, and made technical decisions that shaped how the country connected to the network.

The data centre is a fitting emblem. It is infrastructure stripped of the human intelligence that created it, maintained by automated systems, owned by a corporation whose primary business is television. The warmth has been extracted. What remains is heat management.

This is what the end of an institution looks like when the extraction has been thorough: the address persists, the physical plant persists, the function persists. The people are gone. The purpose is unreadable. The name has been sold three times since.

What the light remembers, the infrastructure has forgotten.

Note on Sources

This account draws on firsthand observation (Easynet, 1997–2005), corporate records available via Companies House and the London Stock Exchange, contemporaneous reporting in the Financial Times, The Register, Citywire, and ISPreview, and the publicly available Wikipedia entries for Easynet, Marconi Communications, and Marconi plc. The analysis of Marconi's strategic failures is substantially corroborated by academic work published in organisation studies literature and by the London Business School case study of the GEC-Marconi transformation. No internal Easynet documents have been consulted or quoted.