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Highlights from Argo's Annual Meeting—April 2007

For the first time this year, Argo's Annual Meeting with "Focus on the Best" as its topic was held over a GoToMeeting Webinar.

Prospective buyers are approaching numerous companies, many of which have improved their top and bottom lines. Our emphasis continues to be liquidity events, so better performance should lead to better returns.

Our top potential businesses are: OnMobile, Chinatron, I-play, World Wide Packets, Neural Technologies, SurfKitchen, uReach and Casero.



Portfolio Company Profile



Dan Reiner
CEO



World Wide Packets is a leading provider of Carrier Ethernet (CE) solutions that enable broadband and telecommunications service providers to realize new levels of speed and agility in deploying revenue-generating Ethernet services. With World Wide Packets' LightningEdge® product family, providers can fully leverage the power, flexibility and economies of Ethernet technology to deliver business, residential and transport services, while dramatically reducing CapEx and OpEx. Designed for implementation networks of any size, LightningEdge products allow operators to quickly and easily expand services, while growing their installed subscriber bases.

World Wide Packets markets and sells its LightningEdge products and solutions to service providers, Multiple Service Operators (MSO), municipalities, utilities and greenfield property developers around the globe through its direct sales force and through strategic partnerships with Ericsson, Alcatel-Lucent and Tellabs. The Company currently delivers Carrier Ethernet solutions to some of the world's largest carriers, including Europe's KPN and ntl:Telewest. World Wide Packets also provides CE solutions to residential and business environments, such as North Kansas City, Missouri; Provo, Utah; Switzerland's Sierre-Energie; and Iowa Health System, the largest healthcare network in the United States.

Founded in 1999 and privately held, World Wide Packets is based in Spokane Valley, Washington, has a research and development facility in San Jose, California and maintains sales offices throughout America and Europe. The Company currently has 140 employees and is active in various industry and standards bodies, including the IEEE, Metro Ethernet Forum (MEF) and the FTTH Council.

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UPDATE on Portfolio Companies

I-PLAY (DIGITAL BRIDGES, LTD.)

In a strategic move to become the world's first company to deliver integrated casual games solutions across multiple platforms, online games powerhouse Oberon Media announced its intention to acquire I-play, the independent leader in casual mobile games. In conjunction with this effort, Oberon Media announced an additional round of funding from existing and new investors including Goldman Sachs, Oak Investment Partners, Lehman Brothers and others.

I-play, the mobile entertainment company and a developer of BREW® based mobile entertainment applications, announced that the world's best-selling racing franchise on mobile is launching its fourth sequel, *The Fast and The Furious: Fugitive*. *The Fast and The Furious* has generated over 7 million paid downloads since its 2004 launch.

I-play unveiled its much anticipated line-up of blockbuster mobile products that are due to launch across its global distribution network over the next quarter. This line-up features the official *World Pool Championship* mobile game, the hugely popular *Slingo Quest* medical mayhem in the form of the addictive original IP, *ER Rush*, plus another trailblazing offering from I-play with the first-ever made-for-mobile video on how to *Win at Texas Hold Em*, presented by Daniel Negreanu, arguably the most successful tournament player in poker history.

GENERAL WIRELESS

General Wireless, the global market leader in PC-to-mobile messaging, announced that it will be the first company in the world to ship text (SMS) and multimedia (MMS) mobile messaging PC plug-ins for Microsoft@Vista@ and Microsoft@Outlook@2007. General Wireless' PC plug-ins, named eSMS and eMMS, makes it easy for anyone with an Internet connection to send text, pictures, sound and video from PCs to mobile phones. The PC plug-ins are seamlessly integrated into familiar PC programs such as Microsoft Outlook, Outlook Express and Microsoft Internet Explorer.

HANDMARK, INC.

Nuance Communications, Inc., a leading supplier of speech and imaging solutions and Handmark®, a global leader in the development and distribution of mobile media, announced a strategic distribution agreement under which Handmark will distribute Nuance Voice Control for BlackBerry®, Windows Mobile and Palm devices. Nuance Voice Control is a comprehensive mobile search and messaging service that is driven entirely by natural voice commands.

NEURAL TECHNOLOGIES

HDFC bank, one of India's premier banks, announced that it is using neural predictive models from Neural Technologies for managing risk in its Credit Cards and other Retail Assets portfolios. HDFC bank selected Neural Technologies following a comprehensive proof-of-concept study, aimed at finding a supplier that could provide it with a superior analytical and scientific approach to reducing credit card and retail asset portfolio delinquency rates.

Neural Technologies's former customer Avantel was acquired by fixed line Mexican operator Axtel last year. Axtel management requested a meeting with NT to review the latest version of its NT Minotaur™ fraud management solution and best position it within the new Axtel business. Following the meeting, Axtel decided to upgrade to the latest version of Minotaur™ and asked NT to perform a comprehensive review of the existing configuration and envision the creation of new ones.

ONMOBILE SYSTEMS, INC.

Nokia Siemens Networks has announced a global cooperation agreement with India's OnMobile. The partnership covers the integration and marketing of OnMobile's ring back tone solution. RBTs allow callers to listen to a song pre-selected by the owner of the mobile device being called. Nokia Siemens Networks adds OnMobile ring back tone solution to their music portfolio offerings and M2Y ("music to you") download platform. Telecom operators can use M2Y to provide multimedia content, such as music and video downloads, to their end customers.

OnMobile, India's leading and pioneering Telecom Value Added Services (VAS) provider announced that it has acquired 100% of France-based Voxmobi. OnMobile will strengthen its VAS data products offerings with this purchase and accelerate its leadership position within the global Telecom VAS industry. The acquisition adds a number of high-profile international customers to OnMobile's customer portfolio.

PHYFLEX NETWORKS INC. (NARAD NETWORKS, INC.)

Telecommunications equipment vendor Ciena has acquired PhyFlex Networks' Ethernet-over-coaxial-cable core technology and associated intellectual property. As a result of the deal, PhyFlex will wind down its operations effective immediately.

PhyFlex's technologies primarily will be applied to products in Ciena's access portfolio, including solutions for wireless backhaul.

SYLANTRO SYSTEMS CORPORATION

Sylantro Systems Corporation, the leading supplier of feature servers for hosted VoIP services in carrier networks and Education networks of America (ENA), a managed Internet service provider, which creates and delivers IP technology solutions for school systems, libraries and government agencies, announced the successful implementation of ENA's Connect VoIP services featuring Sylantro's Synergy platform. ENA Connect VoIP services began rolling out in April, with more than 30 implementations expected by the end of July.

UREACH TECHNOLOGIES, INC.

uReach Technologies, Inc., a leading provider of converged communications solutions for wireless, wireline and broadband carriers, has been named the exclusive provider of messaging services for Integra Telecom, Inc. Based in Portland, Oregon, Integra owns and operates a best-in-class fibre-optic network, providing voice and data services to small and mid-sized businesses in eight Western states.

VOLUBILL SA

VoluBill SA, a leading supplier of real-time charging, control and monitoring applications for IP-based mobile services, announced the selection and implementation of its technologies by Orange Réunion, a dynamic and innovative wireless provider on the island of La Réunion, a French overseas department in the Indian Ocean. The contract represents a further endorsement of VoluBill's technology by another operating company in the France Telecom Orange Group.

UPDATE on Portfolio Companies



WEBASKA MOBILE TECHNOLOGIES SA

Sanef acquired Webraska Mobile Technologies SA, an important strategic move for this French highway and Telematics operator. This acquisition complemented the group's existing telematics solutions of masternaut and euro toll.

NewsFlash

CASERO, INC.

Casero, Inc., a leading provider of white label applications to broadband service providers announced it has secured a USD\$5.8 million Series B investment. This second round received partial capital funding from a new investor source, Rembrandt Venture Partners, which joined existing investors Argo Global Capital, Highland Capital Partners and Casero Founders.

DIGITAL ROUTE

Slovenian Greenfield operator Tusbomobil has selected Digital Route as its mediation supplier. Tusbomobil will use the convergent mediation product MediationZone from Digital Route to permit on-and-offline charging over a single mediation system. MediationZone will be used to integrate MMS, SMS, GPRS and mobile voice networks with pre and post-paid charging balance management and billing systems.

GENERAL WIRELESS

General Wireless has sold its "Enterprises" business area to 21st Century Mobile Solutions. General Wireless has decided to focus on its product business targeting international telecom operators and consequently divested itself of Enterprises. The deal allows General Wireless to boost investments in product development and international sales activities in the operator business area.

I-PLAY (DIGITAL BRIDGES, LTD.)

Mobile entertainment company I-play and Universal Studios announced a totally new kind of streaming video service offering the most memorable scenes from Universal's catalogue of blockbuster movies to North American fans. *Movie Minutes* marks the first agreement in mobile history in which blockbuster film clips are available on mobile.

Winners of Sun Microsystems' prestigious Duke's Choice Awards were announced at the JavaOne Conference in San Francisco. I-play's *24: Agent Down* mobile game has been selected as winner of "Best Java.com Application" by the Java.com community, which recognizes extreme innovation using Java technology around the world.

KABIRA TECHNOLOGIES, INC.

Kabira Technologies, Inc., a leader in high-performance transaction processing software for global enterprises, announced a major extension of its delivery capabilities to the US market. Torry Harris Business Solutions, a successful Kabira partner for European markets, will extend its staff of experienced Kabira developers to apply its proven delivery model to new telecommunications and financial services customers in the United States. Torry Harris has developed more than 40 successful European Kabira-based projects for 11 customers since 2005.

NEURAL TECHNOLOGIES

Neural Technologies announced that it has completed installation of its new fraud management system for DIRECTV, Inc., the nation's leading satellite television service provider and reports it is already posting impressive results. Installation of Neural Technologies fraud management solution was completed ahead of schedule and represents a first for North America's direct broadcast satellite industry.

ONMOBILE SYSTEMS, INC.

BharatMatrimony.com has tied up with mobile operator Airtel and telecom value-added service provider OnMobile to launch its voice-based "Voice Matrimony" service. This facility enables registered members of BharatMatrimony.com to record, listen, send and receive voice messages using their mobile handsets. The service is offered free of cost and the 6 rupee a minute call cost will be shared by all three companies.

UREACH TECHNOLOGIES, INC.

uReach Technologies, Inc., a leading provider of converged communications solutions for wireless, wireline and broadband carriers, announced that Technology Marketing Corporation's (TMC) Communications Solutions has named the company's Converged Services Framework (CSF) as the recipient of a 2006 Product of the Year Award. The uReach CSF delivers converged calling and messaging solutions to some of the world's largest fixed line, mobile and broadband service providers.

WEBASKA MOBILE TECHNOLOGIES SA

Webraska Mobile Technologies SA, a leading provider of mobile GPS navigation solutions and high-end geospatial software platforms, announced that it has supplied Yahoo! Maps with key components of the Webraska SmartZone Geospatial Platform (SGP4).

WORLD WIDE PACKETS

World Wide Packets, a key provider of Carrier Ethernet solutions, announced that Iowa Health System (IHS), Iowa's first and largest integrated healthcare system, has deployed its LightningEdge® platform in the recently completed first phase of its privately owned fibre optic medical health network, connecting major medical facilities and data centres throughout Iowa, western Illinois and eastern Nebraska.

A screenshot of the World Wide Packets website. The header features the company logo and the tagline "TRUE CARRIER ETHERNET™". Below the header is a navigation menu with links for COMPANY, SOLUTIONS, PRODUCTS, TECHNOLOGY, PARTNERS, and SUPPORT. The main content area has a yellow background with silhouettes of two people shaking hands. The text "ANNOUNCING Expertise to ensure success." is prominently displayed. On the left, there is a date "September 27, 2007" and a brief description of the product. On the right, there is a "FEATURED PRODUCT" section with an image of a server rack.

Heroes and Three-Screen Services

“SOMETIMES QUESTIONS ARE MORE POWERFUL THAN ANSWERS” SAID DR. SURESH IN THE POPULAR TV SHOW *HEROES*. THE SHOW FOLLOWS TWELVE ORDINARY PEOPLE WHO DISCOVER THAT THEY HAVE EXTRAORDINARY ABILITIES. ITS MYSTERY-STEEPED PLOT AND FINE ACTING HAS HELPED MAKE *HEROES* THE HIGHEST RATED SCRIPTED SHOW ON NBC’S 2006-2007 SEASON. FOLLOWING THE JULY HD PREMIER ON THE UK’S BBC2 AND US SEASON PREMIER IN SEPTEMBER, THE FAN BASE LOOKS AS IF WILL CONTINUE TO GROW.



Not just a popular TV show, *Heroes* is also a prime example of a three-screen service. Reaching fans via TV, PC and mobile phone, *Heroes* poses interesting questions about future media delivery. After airing on TV, full episodes can be viewed at any time over the NBC Web site¹. Fans can optionally listen to cast commentary on the audio track. Via mobile phones, fans can download ring tones and wallpapers and follow the “Hiro Blog,” ostensibly written by a Japanese main character of the show. Users are frequently reminded about the show’s main sponsor over all three media.

Will we see more three-screen services in the future? Four factors point in that direction: individualizing media habits, device capabilities, network capabilities and content owner intentions.

Recent changes in media habits have less to do with the huge amount of media we consume (the average American spends five hours per day watching TV and one hour browsing the Web²) and more to do with how it is consumed. One way to describe the change is that previously “pre packaged” content now comes “me-packaged.” The rise of TiVo and other digital video recorders and the popularity of sites like YouTube are evidence of more media being consumed on user terms. Three-screen services can benefit from this development by using new screens to improve the user’s individualized access to media.

Device and network capabilities, moreover, are two important three-screen enablers. Proliferating colour screens and decent data interfaces in mobile devices have made the mobile leg possible in a three-screen service environment. On the network side, solutions such as IP Multimedia Subsystem (IMS) products promise to simplify service deployment across multiple networks.

Media-savvy content owner intentions are the fourth factor supporting three-screen services. Owners hope to maximize returns on their media investment by moving to additional screens, with the new channel(s) carrying either re-used content, or new supplementary features. The latter approach is preferable, as each screen has its own unique strengths.

An as-yet unanswered question is: how much extra, if anything, are users willing to pay for a service because it is available on multiple screens? The answer is not obvious for even the more promising potential three-screen services, which include three-screen video-on-demand, three-screen gaming, three-screen adult content, personal media libraries accessible from any screen, integrated three-screen e commerce and home monitoring via three screens.

The answer to the powerful question about payment willingness will determine how the three-screen buzzword fares in the later stages of the hype curve. Somewhere in the *Heroes* universe, Dr. Suresh nods approvingly.

NICHOLAS MONTGOMERIE CONSULTANT

¹IP filtering prevents the streaming of episodes to addresses outside the broadcast area

²US residents aged 25-49, Q1 2006. Source: Bridge Ratings, via E-Marketer

Upcoming Events

CTIA WIRELESS IT & ENTERTAINMENT 2007
October 23—25, 2007
Moscone Center South Hall
San Francisco, CA
USA

GSM 3G AFRICA
November 21-22, 2007
Cape Town
South Africa

GSM 3G AMERICAS 2007
December 5-6, 2007
Rio de Janeiro, Brazil

3GSM WORLD CONGRESS 2008
February 11-14, 2008
Barcelona
Spain

CTIA WIRELESS 2008
April 1-3, 2008
Las Vegas, NV
USA



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