

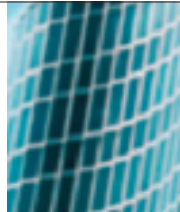
# argoscorecard

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## Industry Buzz from GSM World Congress

A record 34,000 participants, up 20% from last year, gathered at 3GSM World Congress 2005, providing one more sign that the wireless industry is once again experiencing healthy growth. Evidence of the increasing momentum and continuing evolution of 3G was everywhere!

Among the highlights at the Cannes event, UMTS/WCDMA service deployments are underway in significant numbers with 64 WCDMA networks already in service in 31 countries.

The big news in handsets revolved around low-cost handsets for less than \$40, affordable smartphone handsets and customization demands by carriers. Total global handset sales grew 30% from 2003 to 2004 and forecasts predict two billion wireless subscribers by the end of 2005 – last year, the two billion mark was expected by 2008.

Wireless applications such as mobile music, mobile TV, gambling, email and gaming were everywhere as were IMS (IP Multimedia Services) demos.

Convergence across transport and media, fixed and wireless was another key theme.

HSDPA (High Speed Download Packet Access), the major new technology with potential download speeds of 14 mbps, will serve as an important enabler for new data revenues, especially streaming and download music/video.

Several industry leaders predicted that, by 2008, approximately 22% of global wireless operator revenues will come from mobile data, including SMS and other messaging, transport and content – that's a \$154 billion opportunity!

Next year's 3GSM event is sure to be even bigger as it moves to its new home in Barcelona, Spain!

## Portfolio Company Profile

The Casero software solution enables operators to rapidly deliver broadband applications to their subscribers, serving to drive revenue and reduce churn. The key to retaining broadband consumers is to offer value-added services that make sense and that leverage both the operator network and devices in the home.

Casero has built a portfolio of value-added lifestyle applications, including home surveillance, photo and video management, blogging and online backup. Through development and partnerships, new applications continue to be delivered every quarter that leverage consumer-owned devices and create an integrated experience. Any IP device using a full range of standards and proprietary protocols can be integrated into the solution, including routers, gateways, network cameras, IP set tops and mobile phones.

By integrating Casero's solution into existing networks and OSS systems, operators can provide their customers with low-cost, customized, branded and bundled broadband services on a single bill.

Casero software is offered either as a software license or a hosted solution that drives extensive economies of scale and a rapid time to market. Trial customers can be turned up within a week. Operators can see revenue from their investment within a quarter, and pricing is based on a revenue share model, so Casero does not benefit unless the operator benefits.



**Paul Atkinson**  
CEO and Chairman

The Casero team is well versed in the telecom and Internet markets, having previously built Solect into a leading telecommunications IP billing company (acquired by Amdocs for USD\$1.2 billion).

Since its inception in 2002, Casero has launched Home Surveillance with TELUS and RCN, and has 18 active field trials in the Americas, Asia-Pac and Europe.

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# UPDATE on Portfolio Companies



## CAMBRIDGE POSITIONING SYSTEMS, LTD.

LogicaCMG announced the launch of an end-to-end “tracking and tracing” solution for mobile operators targeting enterprise and public sector customers. The solution is based on Cambridge Positioning Systems’ (CPS) positioning technology, combining close to Global Positioning System (GPS) accuracy of sub-100 meters with mobile network coverage, including indoor coverage.

Nokia is introducing the Nokia intelligent Gateway Mobile Location Center (iCMLC) 4.0, a new cost-effective platform for location-based services (LBS) as part of the Nokia mPosition System. This flexible platform supports both GSM and WCDMA 3G location-based services and uses CPS technology, giving operators a solution for providing mobile services based on user location.

## DIGITAL BRIDGES, LTD.

Digital Bridges, Ltd., a world leader in the creation and distribution of mobile entertainment solutions, announced the expansion of its distribution network to 10 major mobile network operators and Internet portals across Asia, Australia, New Zealand and India. This announcement coincides with the opening of the Singapore office, a base for Digital Bridges’ sales and publishing drive in Asia Pacific.

## GENERAL WIRELESS

TIM Brasil has launched TIM Turbo Mail, a new service that enables customers to send and receive GSM SMS text messages integrated with their desktop email. The service is based on General Wireless’ eSMS technology, delivered and deployed through a joint project involving TIM, Kelyanlab and General Wireless. The launch of the TIM Turbo Mail service in Brazil follows on the success of TIM Italy, which launched the service in April 2004.

## KABIRA TECHNOLOGIES, INC.

Kabira Technologies, Inc., the high-performance leader in network switching software for telecommunications and real-time financial services, announced that PTK Centertel, Poland’s fastest growing digital mobile service provider, is the latest major operator to be utilizing Kabira’s 3G service provisioning and service activation solution (KPSA) and its underlying technology KIS (Kabira Infrastructure ServerSystem) to activate next-generation services. PTK Centertel has chosen Kabira for its ability to handle high-volume provisioning transactions, as well as supports its carrier-grade service delivery infrastructure to achieve current and future targets in subscriber activity and service rollout.

## NUERA COMMUNICATIONS, INC.

Rogers Cable selected Nortel’s cable telephony solution for digital phone services. Nortel will also provide Rogers with Nuera’s ORCA BTX-4K, a high-density media gateway providing PacketCable compliant trunking access to the Public Switched Telephone Network (PSTN).

## SYLANTRO SYSTEMS CORPORATION

Sylantro Systems Corporation announced that VoEx, Inc. and STS Telecom have integrated Sylantro’s applications feature server and hosted communications applications as part of their comprehensive new service strategies to deliver richer, differentiated alternatives to Unbundled Network Element Platform (UNE-P) service offerings. These deployments represent Sylantro’s growing base of US customers that are shedding the restrictions of UNE-P by offering highly scalable Voice-over-IP (VoIP) services for their consumer and business customers.

Sylantro Systems Corporation and Siemens Switzerland announced that Switzerland’s leading telecom company, Swisscom, has selected and deployed the companies’ respective platforms as the foundation of Swisscom’s new Bluewin Phone consumer broadband offering for DSL-based Voice-over-IP (VoIP) and video services.

## SURFKITCHEN, INC.

SurfKitchen, Inc. announced the launch of a new multimedia solution that redefines the mobile user experience. SurfKit Multimedia Desktop offers users a unique tune in, tune out, sit down and watch experience, which is very different from the point-and-click world of Web and WAP.

## WORLD WIDE PACKETS

World Wide Packets has partnered with Imtech Telecom as part of its European expansion. Working with Imtech Telecom, World Wide Packets has already achieved remarkable results with leading service providers throughout Europe. Most notably, the partnership with Imtech Telecom has led the recent deployment of World Wide Packets’ Ethernet access gear at Telewest Business, a leading supplier of broadband communications to the public and private sector markets in the UK.

World Wide Packets also announced a contract with Port Blakely Communities to upgrade its Issaquah Highlands Fiber Network (HFN) from a data-only network to a bandwidth delivery system that supports both current and next-generation applications for the development’s planned 3200 homes. The initial contract calls for the immediate installation of World Wide Packets’ Lightning Edge® switches in 1500 existing homes as well as in “hub” locations throughout the development.

# NewsFlash

## ALICE SYSTEMS AB

Birdstep Technology has acquired Alice Systems AB, a technology company specializing in connection manager solutions favored by major European operators. The addition of Alice Systems' portfolio to Birdstep's seamless mobility products will enable Birdstep to significantly broaden its capabilities while providing an integrated solution that caters to current operator needs.

## CAMBRIDGE POSITIONING SYSTEMS, LTD.

Cambridge Positioning Systems, Ltd., a key leader in high-accuracy location technology for GSM and WCDMA, and Wavemarket, a pioneer in location-blogging and alerts, announced an agreement to jointly market location-based services to global operators. With the ever-growing demand for high-accuracy location, the two companies believe that coupling a broad range of exciting and innovative applications with the new location capabilities will help drive market take-up.

## DIGITAL BRIDGES, LTD.

Digital Bridges, Ltd., a world leader in the creation and distribution of mobile entertainment solutions, and mobile games developer TKO Software, Inc., announced the launch of the highly anticipated action title "Tenchu: Wrath of Heaven™" on leading wireless network operators and portals across Europe.

## EMPOWER INTERACTIVE GROUP, LTD.

Empower Interactive Group, Ltd., the recognized leader in delivering business solutions for messaging and mobile data services, ranked 21st in Media Momentum's Top 50. Empower also made Tornado Insider's fourth annual Tornado100, a listing of Europe's top 100 private tech companies.

## GENERAL WIRELESS

General Wireless, a provider of user-friendly, two-way eSMS and eMMS solutions to mobile operators for corporate and personal use, announced eMMS, a Multimedia Messaging Service (MMS) solution for standard Microsoft email clients. eMMS targets mobile operators looking to increase MMS adoption and traffic. The solution is designed to help mobile operators reach out to millions of email users, providing convenient access to MMS messaging and driving MMS traffic.

## HOTSIP AB

Hotsip AB, a leading SIP Application Server provider with off-the-shelf applications for large-scale SIP-enabled broadband and 3G/IMS networks, announced an agreement with Movial, a leading developer of software clients for the mobile multimedia and presence-enabled applications market. Hotsip licenses its source code for the SIP-based soft client, Hotsip® Active Contacts™ PC, to Movial.

Hotsip AB also announced the launch of Service Creation Environment (SCE), the Hotsip® Multimedia Communication Engine (M2CE™) SCE, with extensive open APIs and well-known methods for rapid and cost-effective development of innovative applications. The M2CE SCE is ideal for developing new IP telephony, messaging, conferencing and presence applications for fixed, mobile, broadband and converged networks.

## KABIRA TECHNOLOGIES, INC.

Kabira Technologies, Inc., the high-performance leader in network switching software for telecommunications and real-time financial services, unveiled the Kabira High Availability (HA) Component for disaster tolerant real-time applications. With the new Kabira HA Component, large enterprise customers can achieve unprecedented carrier class 5-Nines availability, making failures transparent to users, with no interruption of work, no transactions lost and minimal degradation in performance, previously achievable only by proprietary mainframe systems.

## NARAD NETWORKS, INC.

Narad Networks, Inc., a provider of business class broadband access solutions using switched Ethernet over cable, announced the deployment of its commercial Voice-over-IP (VoIP) solution with Delta Cable Communications Ltd. in Vancouver, B.C. Delta Cable deployed Narad's solution to provide voice and data services for its customer service call center.



## SENSESTREAM, LTD.

SenseStream, Ltd., the largest independent 2.5G/3G MMS content adaptation and media technology solution product vendor in Asia Pacific, announced a contract to supply its DynaFit suite of server products to a leading Chinese OEM customer.

## SURFKITCHEN, INC.

SurfKitchen, Inc., the leading provider of dynamic user experience (DUE) software that enables mobile operators to increase data services and content consumption, announced the appointment of Michel Quazza as Chief Executive Officer. Mr. Quazza brings 15 years of experience in telecommunications and software, including executive positions at Openwave, Lucent and France Telecom.

## SYLANTRO SYSTEMS CORPORATION AND IPERIA, INC.

Sylantro Systems Corporation announced new options for service providers seeking to quickly deploy hosted communications services such as IP Centrex, hosted PBX replacement services and consumer broadband voice offerings. Through Sylantro's agreements with Convedia, IPeria and Kagoor Networks, service providers can now select from fully integrated technologies to complement their Sylantro-based service offerings. The partners' platforms have been deployed in various combinations by PowerNet Global, Elitel, STS Telecom, VoEx and many other service providers worldwide. The combined solutions allow service providers to capitalize upon the partners' collective investments in research and development in specific areas of expertise, allowing faster deployment of a fully featured end-to-end VoIP solution that assures smooth interoperability and high performance.

## VOLUBILL SA

VoluBill SA, the leading provider of mobile data charging solutions, announced it has secured €11 million in Series C venture capital funding led by DVC Deutsche Venture Capital together with SPEF Venture (Natexis Private Equity) as a co-investor. Existing investors Sofinnova Ventures, Argo Global Capital and Sofinnova Partners also participated. The funding will support VoluBill's business development as it expands its global reach in the mobile data charging space while seizing new opportunities as fixed-mobile convergence unfolds.

## WATCHMARK-COMNITEL

WatchMark-Comnitel, a leading provider of performance and service management solutions, has chosen Vallent Corporation as the new name for the company formed from the merger of WatchMark-Comnitel and Metrica Software Systems (UK).

Vallent Corporation also announced that Ericsson, a leading telecom supplier, has selected Vallent's Metrica Performance Manager to monitor the new Brasil Telecom GSM and GPRS infrastructure and to manage the network quality underpinning the services delivered to all subscribers.

## WEBRASKA MOBILE TECHNOLOGIES SA

Webraska Mobile Technologies SA, the pioneering provider of GPS, voice-enabled wireless navigation applications and location-based services, announced the release of SmartZone Navigation 3, a milestone in the software development in terms of both ergonomics and features. This major release is supported by the simultaneous release of Webraska's SmartZone Geospatial Platform 4.0, which provides enhanced support for dynamic content integration.

## WORLD WIDE PACKETS

World Wide Packets, the leading provider of Ethernet Access Networking Solutions, announced that it has received ISO 9001:2000 certification through BSI Management Systems. The certification emphasizes the company's adherence to the highest standards of total quality management and reinforces its unparalleled customer promise of quality, value and service.

## VoIP and Convergence Increase Competition in Mobile Market

ONE OF THE MAJOR TRENDS FROM THE RECENT MOBILE INDUSTRY EVENT IN CANNES, 3GSM WORLD CONGRESS, IS FIXED-MOBILE CONVERGENCE, WHICH ENABLES A SINGLE SERVICE PORTFOLIO TO BE DELIVERED TO USERS REGARDLESS OF THE ACCESS NETWORK. FIXED-MOBILE CONVERGENCE HAS BEEN A TOPIC WITHIN THE TELECOM INDUSTRY FOR DECADES, BUT NOW SEEMS TO BE GAINING MOMENTUM MOSTLY DUE TO THE MATURITY OF VOICE-OVER-IP TECHNOLOGY.



Northstream™

Another component that helps catalyze fixed-mobile convergence is the widespread use of Wireless LAN, which opens up new opportunities for players without a mobile license to provide wireless services. One of the most discussed areas of use is the introduction of dual-mode phones, referring to combinations of different radio technologies like GSM and Wireless LAN. The customer benefits are convenience and cost as calls placed at home are treated as fixed calls. The dual-mode phone is an example of fixed-mobile convergence and can be offered both by fixed and mobile operators.

### REAL BENEFITS OR HYPE?

The customer benefits highlighted above are not strong enough, however, to drive the market. There need to be clear benefits for an operator as well. Mobile operators are likely to lose on this development as low-revenue semi-mobile calls substitute for mobile calls. Some mobile operators have intended to use the technology to increase indoor coverage; arguably not a strong enough driver to overcome the downsides of dual-mode phones (price, complexity, etc.).

However, fixed operators can more easily see benefits. As more and more voice minutes previously placed on fixed networks are moved over to mobile networks, fixed-operator business is shrinking and counteraction is needed. By introducing dual-mode phones, fixed operators could regain some of their lost minutes.

The only likely force strong enough to make mobile operators enter this market is more competition – if fixed operators are successful in this venture, mobile operators need to follow suit. Yet it is not certain that dual-mode phones are the most cost-effective way for mobile operators to respond. Other possibilities include location-based tariffs using cell-id or micro base stations in offices. These solutions do not require new and advanced handsets, but they do have other drawbacks.

### BT IS THE FIRST MOVER

Despite the talk in Cannes on fixed-mobile convergence and dual-mode phones, very little has happened in the market in this area. There are several

missing pieces for any large scale deployment, most notably handsets.

The whole industry is watching BT's Bluephone service due to be launched this spring, which combines the possibility of users placing low-cost calls over BT's broadband network when at home or at 'hot spots' with cellular capabilities as a fallback. BT is cooperating with Vodafone to get cellular coverage for their users. The project has been delayed for years, which shows the complexity and the technical problems that need to be resolved.

### STRONG REACTION EXPECTED

Although the above challenges could be overcome, the competition from mobile operators should not be underestimated. With rapidly decreasing mobile charges but still high operator margins, there are both reasons and room for mobile operators to defend their position and fight back. Mobile operators generally promote fixed-to-mobile substitution rather than convergence, and lowering charges or adding location-based tariff plans would allow them to counter convergence. Summarizing, fixed-mobile convergence opens up the market to new players and increases competition, so mobile operators can be expected to retaliate.

Dual-mode phones are one example of how VoIP and fixed-mobile convergence could affect many telecom players, both fixed and mobile. Understanding how these trends will change the competitive game is essential for the future success of most industry players.

### JAKOB LARSEN STRATEGIC ADVISOR, NORTHSTREAM

#### About Northstream

Northstream provides operators, manufacturers and other players with independent and unbiased advice on opportunities presented by GPRS, 3G and Wireless including WLAN. In addition, Northstream offers recommendations on key technical and commercial issues in mobile data services as well as advises industry players on their strategic position and value proposition. [www.northstream.se](http://www.northstream.se)

## Upcoming Events

### Supercomm 2005

June 6-9, 2005  
Chicago, IL  
USA

### CommunicAsia 2005

June 14-17, 2005  
Singapore  
Asia

### Global Messaging 2005

June 15-16, 2005  
Earl's Court  
London  
UK

### CTIA Wireless I.T. & Entertainment 2005

September 27-29, 2005  
Moscone West  
San Francisco, CA  
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