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Highlights from Argo's Annual Meeting

Argo's Annual Meeting: Portfolio Improvements, Killer Applications

For those of you who missed Argo's Annual Meeting, improvements in the portfolio was the common theme. Many companies are being approached by potential buyers and many have improved both their top and bottom lines. Argo's focus continues to be liquidity events, so better performance should lead to enhanced returns.

Brian Greasely, the CEO of Digital Bridges, entertained attendees with a spectacularly colorful presentation of the new games and technology that are now possible on mobile phones. With voice revenues declining, this is currently a very hot space and one of the future "killer" applications for data revenue as a key growth segment for wireless operators!



Portfolio Company Profile

Cambridge Positioning Systems, Ltd. (CPS) delivers cost-competitive, high-accuracy mobile location technology to the vast GSM and emerging 3G/WCDMA markets.

CPS's products are based on its software-only Matrix technology, which delivers sub-100m accuracy, sub-3 seconds location fixes and all environment coverage. The company's portfolio also extends to Matrix 3G and E-GPS, a powerful combination of Matrix and GPS technology.

Matrix meets the needs of operators and enterprises seeking to launch location-based services. Because it is software only, Matrix can be easily integrated into a range of devices and rolled out at significant cost advantages to rival technologies.

Network deployments of Matrix are now underway in established and emerging mobile markets. Leading Brazilian operator Oi recently announced the rollout of Matrix-based location services to its seven million customers, and further service launches are taking place in Malaysia and China.

To deliver its solution to market, CPS works with the world's leading mobile technology companies, including Nokia, HP, LogicaCMG, Andrew, Trimble, ZTE and TTPCom. Together these new partnerships



Chris Wade
CEO



are enabling a new generation of high-accuracy location-based services and devices for enterprise and consumer markets.

Headquartered in Cambridge (UK), CPS is funded by venture capital and strategic corporate investors. CPS's value is underpinned by 20 key worldwide technology patents, which represents one of the largest and most comprehensive IPR portfolios of high-accuracy location technology around the globe.

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UPDATE on Portfolio Companies

CAMBRIDGE POSITIONING SYSTEMS, LTD.

Cambridge Positioning Systems, Ltd. has secured a contract to provide its Matrix high-accuracy location technology to Electronia, the leading Middle East communications provider and manufacturer. Under the terms of the multi-million dollar deal, Electronia will utilize Matrix to build on its significant market share in the telematics market and extend its service offering into asset and personnel safety services. They will also offer Matrix technology to GSM operators and value-added service providers in the region.

HOTSIP AB

Hotsip AB and Enea announced a strategic partnership to develop innovative new applications such as messaging, conferencing and IP telephony for Hotsip's Multimedia Communication Engine M2CE™. The partnership will leverage Hotsip's SIP/2EE Application Server technology with off-the-shelf applications for large-scale SIP-enabled broadband and 3G/IMS networks. Under the agreement, Enea will provide its expertise in SIP and development of data and telecom services.

NARAD NETWORK, INC.

Narad Networks, Inc., a provider of business-class broadband access solutions using switched Ethernet over cable, and Cablevision Systems Corporation, announced the completion of a successful trial and targeted deployment of a new 100 megabit-per-second (Mbps) data service using the Narad Broadband Access Network (NBAN) and Cablevision's existing network facilities that pass more than 4.4 million homes and hundreds of thousand of businesses in the New York Metropolitan area.



DIGITAL BRIDGES, LTD. (I-PLAY)

I-play, the new face of mobile games creator and publisher Digital Bridges, has been launched. The company also has a new mission: to make mobile gaming the world's most popular form of electronic gaming. I-play will make the experience of mobile gaming, from finding games to buying and playing them, easy, fun and accessible for all. I-play also announced the launch of a new consumer facing e-commerce website, www.iplay.com, which makes finding, learning about and buying mobile games a simpler process.

EMPOWER INTERACTIVE GROUP, LTD.

Empower Interactive Group, Ltd. has supplied Smart Communications, Inc. with SigTran (SS7 over IP) First Delivery Attempt (FDA) messaging technology that cost-effectively increases the capacity and performance of text messaging services during peak periods. The Empower Interactive FDA solution helps deliver increased capacity and flexibility to Smart's SMS infrastructure, which now handles in excess of 100 million SMS messages each day.

Empower Interactive Group is also the first mobile messaging infrastructure provider to meet stringent new demands from mobile operators. By using Six Sigma, Empower designs carrier-class mobile messaging solutions that are fault free and provide the highest possible level of performance. This ensures that SMS and MMS delivery is consistent as messaging traffic capacity and complexity increases on all mobile networks.

GENERAL WIRELESS

Netsize and General Wireless have signed an agreement that will enable Netsize's enterprise customers to send SMS messages directly from their PCs using the Microsoft Outlook email client. eSMS allows subscribers to send SMS messages directly from their desktops using the Microsoft Outlook email client. eSMS technology makes standard email features and personal data available to end users, including contact information and distribution lists.

SURFKITCHEN

SurfKitchen announced its latest customer win with one of the world's largest mobile operators, Orange. SurfKitchen will work with Orange and key handset manufacturers to pre-install SurfKit Mobile™ onto Orange Signature phones to support the mobile data service, Orange Downloads™. By managing the on-device download process, SurfKit Mobile™ will enable Orange customers to easily preview premium content offline before purchasing.

SurfKitchen also announced that SurfKit Mobile™ will now be made available on Microsoft® Windows Mobile™-based devices. SurfKitchen's first Windows Mobile deployment is planned to go live with one of Asia's largest mobile operators in August on Windows Mobile-based smart-connected devices.

SYLANTRO SYSTEMS CORPORATION

Working with Alcatel, Sylanro Systems Corporation has delivered an integrated NGN solution to China United Telecommunications Corporation, Ltd. (China Unicom). The solution combines Sylanro's application feature servers with Alcatel's 5020 Call Session Controller, enabling China Unicom to provide advanced broadband services for the Shanghai Metropolitan area and customers in eight provinces.

Sylanro Systems Corporation also announced that Maxcom Telecomunicaciones has deployed Sylanro's applications feature server to power the new Maxcom GENUS Voice System for business throughout the company's service area. The GENUS Voice System gives business users hosted IP PBX-type capabilities as well as advanced features that improve employee productivity and collaboration while reducing capital and operational expenses.

WORLD WIDE PACKETS

World Wide Packets, the leading provider of carrier-class Ethernet Access Networking Solutions, announced that Marconi, one of the world's largest network equipment vendors, has selected the LightningEdge® solution for connection to the Marconi's IMPACT SoftSwitch XCD5000. The partnership provides a fully integrated VoIP (Voice-over-Internet Protocol) solution that dramatically accelerates time-to-market for triple play services.



NewsFlash



12SNAP AG

12snap, the specialist for innovative marketing and entertainment for mobile phones and one of the European market leaders in mobile marketing, announced its expansion outside of Europe with a representative office in New York.

12snap also demonstrated its mobile game competence by “crashing” on mobile phones with TV Total presenter Stefan Raab. At the TV Total Stock Car Challenge, 12snap presented the first mobile game with lots of innovative real-life features in cooperation with e-tv GmbH. Instead of rigid game processes, the Munich-based mobile marketing specialist focused on a more realistic conversion of a racing simulation to convey the feeling of actually crashing on the mobile phone.

CAMBRIDGE POSITIONING SYSTEMS, LTD.

Plans to develop E-GPS “high accuracy everywhere” mobile location technology have taken a major step forward with the signing of a development agreement between Cambridge Positioning Systems, Ltd. and SiGe Semiconductor. Under the agreement, the companies will deliver an E-GPS module that combines SiGe Semiconductor’s SE8901L global positioning system (GPS) receiver IC with CPS’s software-only Matrix technology.

Also, mobile value-added service provider MTI will use Matrix technology from Cambridge Positioning Systems, Ltd. to drive a new range of high-accuracy location-based services to China’s consumer and enterprise market. Shanghai-based MTI chose Matrix because of its ease of deployment, cost effectiveness and all environment coverage.

DIGITAL BRIDGES, LTD. (I-PLAY)

I-play announced the successful completion of its acquisition of British mobile games porting specialist and developer, Ditto Studios. This strategic acquisition will enable I-play to deliver its products to market more quickly through Ditto’s proprietary technology that accelerates the process of providing mobile games to the hundreds of different handsets available on the market.

EMPOWER INTERACTIVE GROUP, LTD.

Empower Interactive Group, Ltd. announced the appointment of Keith Cornell as its Chief Executive Officer. Mr. Cornell will lead Empower as it expands its geographic reach in growing the Asian, European and Americas markets and continues to provide next-generation, carrier-grade messaging capabilities to leading mobile operators such as FT/Orange Group, WIND, Telkomsel and Smart.

GENERAL WIRELESS

General Wireless has signed a contract with the KPN Mobile Group, a leading European mobile operator active in the Netherlands, Germany and Belgium, to deliver its eSMS Executive software for integrating desktop email with SMS services. General Wireless’ solution is initially used in the new KPN SMS mail service offered by KPN, the leading mobile operator in the Dutch market.

MEDIABRICKS AB

Handmark®, a leading innovator in mobile media content, announced its acquisition of Mediabricks AB, one of Europe’s leading developers of advanced software for publishing, distributing and presenting rich online media services to mobile devices. In addition to building the growing portfolio of Handmark wireless technologies, the acquisition of Mediabricks significantly expands the ability of Handmark to provide cutting-edge applications to wireless service providers and their customers on a global scale.

NORTHSTREAM AB

inCode, the global wireless technology and business consultancy, has acquired specialist industry advisors Northstream. Northstream will become an inCode company, bringing unique industry experience and a strong European focus to the inCode portfolio.

SURFKITCHEN, INC.

Mobile device management company SmartTrust has partnered with SurfKitchen to simplify the mobile data experience through the dynamic delivery of personalized user interfaces. The joint solution addresses the need for mobile operators and service providers to create and deliver content through easy-to-use graphical menus and overcome the existing problems of handset usability.

SYLANTRO SYSTEMS CORPORATION

Sylantro Systems Corporation and Microsoft Corporation announced that they have signed a letter of intent through which the two companies will develop and market enhanced voice-over-Internet protocol (VoIP) solutions for telecommunications providers.

Sylantro Systems also announced that it has entered into a three-year agreement with Covad Communications Group to power the expansion of Covad’s hosted VoIP services.

WEBASKA MOBILE TECHNOLOGIES SA

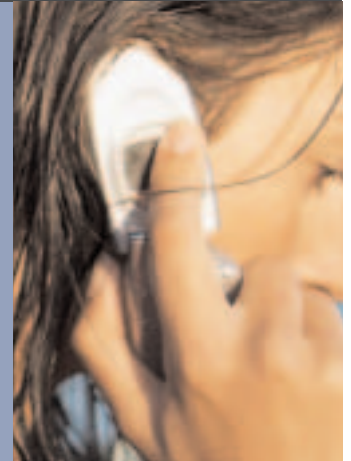
Webraska Mobile Technologies SA announced the launch in Italy of Vodafone Navigator, a branded GPS navigation service for smartphones and wireless PDAs. Powered by Webraska’s SmartZone Navigation and SmartZone Geospatial Platform, Vodafone Navigator features up-to-date pan-European map data coverage, integration of dynamic point-of-interest data and real-time traffic information.

WORLD WIDE PACKETS

World Wide Packets, the leading provider of Ethernet Access Networking Solutions, announced that Orcas Power and Light Cooperative (OPALCO) in San Juan County is using LightningEdge® solution to deliver data to businesses, schools, medical facilities and governmental offices on the county’s four largest islands: San Juan, Orcas, Lopez and Shaw.

Taking on "No Frills" Mobile Providers

SINCE 2004 A GROWING NUMBER OF LOW-COST MOBILE SERVICE PROVIDERS HAVE ENTERED EUROPEAN MARKETS. SUCH "NO FRILLS" PLAYERS RESTRICT THEIR OFFERING TO VOICE AND SMS, OFTEN SELLING JUST THE SIM CARD. EXAMPLES FROM DENMARK, GERMANY AND AUSTRIA SHOW THAT THEY CAN ATTRACT SIGNIFICANT SUBSCRIBER NUMBERS WITHIN MONTHS EVEN IN SATURATED MARKETS.



Established operators are considering how to respond to the low-cost trend without risking margins. Copying the no-frills approach by launching sub-brands is a possible response in order not to lose low-volume, price-sensitive customers to competitors. But this should not be the only action — many people demand more advanced terminals and services, are heavy users, or are simply less price sensitive. Operators are well advised to better address their subscriber segments to increase customer retention and avoid migration of subscribers to lower-rate service plans or no-frills providers. Northstream sees the following areas as worth working on:

HANDSET AND SERVICE PORTFOLIOS — TIME FOR A CLEANUP!

Since the arrival of WAP, various technologies such as GPRS, MMS, Java or media broadcast have reached the market. The number of handset features and operator services has grown accordingly, often resulting in large portfolios of partially overlapping services that many people fail to understand or have demand for. Targeted propositions call for a more focused offering of services and terminals, an approach that supports operators' objectives to reduce costs and grow profitability.

LESS GENERIC AND MORE SPECIFIC PROPOSITIONS

Customers pay premium prices for targeted offerings that work and address their needs — whether for fun or business. The success of laptop data cards and "Blackberry" devices shows that people are willing to use dedicated devices and service plans for specific purposes. Service providers should invest more into linking services, software and devices in "out-of-the-box" packages. While this approach already works for corporate services, music or gaming-related packages can follow.

REDUCED AND MORE TARGETED HANDSET SUBSIDIES

With today's low-end phones offering a level of features, quality and reliability sufficient for most users, operators are able to extend handset replacement cycles. Regular, widespread subsidies do not necessarily lead to higher service

usage, as the example of camera phones illustrates. Subsidies can make sense, but should be paid more selectively and in connection to specific subscriptions, such as email, gaming or TV.

The above points show that there are customers who pay a premium for services they like or that are useful for them, but they need to be targeted with the right offering at the right price. Other users are merely looking for the cheapest provider to call or text from A to B. However, operators can easily copy the simplistic no-frills model by opening a web shop under a new brand, which is why low-cost mobile providers have little potential to sustain a competitive advantage. Unlike low-cost airlines, they depend on operators who can easily provide the same offering.

Generally speaking, it is price-sensitive consumers who benefit from low-cost phone providers, but others do as well when prices go down. The positive lesson for the wireless industry is that value-added services only deserve their name if there is value for both service providers and customers. Just "bells and whistles" does not generate demand, and prevents customers from recognizing which services they actually want. Operators must understand the structure and needs of their subscriber base and do more to improve their delivery of targeted products and services. No-frills providers will stay, and so will the operators who give customers the value-added service they want. It's easy to guess who will be more profitable!

ARNDT MITWER
SENIOR CONSULTANT, 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

Upcoming Events

GSM Americas 2005
December 8-9, 2005
Hyatt Regency
Miami, FL
USA

3GSM World Congress 2006
February 13-16, 2006
Barcelona
Spain

CTIA Wireless 2006
April 5-7, 2006
Las Vegas, NV
USA



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