

This is Ken Sgro with CEOcast. Today I will be visiting Dr. K.M Sundara Murthy who is the founder, president and chief executive officer of SIGPRO Wireless a privately held corporation. Dr. Murthy, thank you very much for joining us today.

Dr. Murthy : Hi Ken. Thanks for the opportunity.

Ken Sgro: You are doing some pioneering work in the wireless area. Why don't you give us a starting overview of your company and a little about your technology?

Dr. Murthy: SIGPRO Wireless is a Pre-IPO wireless semiconductor chip company engaged in the development of what we call System-on-chip technology which is a high end ASIC for next generation wireless personal communication devices such as cell phones and e-mail devices.

We were founded in May 2000. We are about 50 people and hope to be about 100 or so by the end of this year.

We are funded by leading Canadian VCs.

Since our foundation we have made steady growth in terms of technology development. What distinguishes us, and as our name indicates, is that we are making signal processors for personal communications devices that will enable these to handle many applications ranging from 20 kb/s to 2000 kb/s. So all personal handheld devices could work on a single communications platform. That means your cell phone can have e-mail, e-mail devices can have MPEG video, and so on and so forth. That is one of our key differentiators. From a systems point of view, when you take a personal computer, its key element is the CPU, which runs the computing functions. If you take a personal communications device, the key engine is the one that we are making, and which can run many applications. So that is what we are focused on.

Ken Sgro: Who will your actual clients be?

Dr. Murthy: Our clients are basically the original manufacturers such as Nokia, RIM, Motorola, Palm, and Handspring and so on. These are people who develop original equipment for handheld devices and they need a communication engine to carry the various different services. Currently each of them does phone but not e-mail and vice versa our device is real technology enabler for service integration in a mobile environment. We also have a value proposition for the equipment manufacturer, the service provider and the end user. We did not want to bring out a technology engine that would bring value to the OEMs only. So we based our technology on bringing value to the three parties involved; the end-user like you and me, the service providers and the original equipment manufacturer such as Nokia, RIM and the like.

Ken Sgro: Are there any particular industries that will be early adopters to this technology?

Dr. Murthy: Well we are already talking to a number of original equipment manufacturers, since our product launch last October and our demonstration just prior to that. We have received a number of calls from large manufacturers to medium-sized ones and newcomers as well. Because we are at the beginning of a big evolution of the personal communications devices market which is nearly one hundred to one hundred and fifty times bigger than the personal computer market. We are just at the beginning of this market and this is a consumer market with recurring demand of small value products that is fast growing. We also expect a number of new OEMs entering this market so we

are talking to both established players as well as new players. We expect to ship our prototype end of June this year. We are already signing up customers for trial. Again, the PCD is a consumer end product with a high technology basis and delivering a multitude of services so there are going to be new players just as the PC evolved 15 to 20 years ago. We expect both the established players and the new comers to succeed in this market. So we expect new players and we are already dealing with some.

Ken Sgro: How did you finance your company?

Dr. Murthy: Our company is currently financed by two leading Canadian companies. I was also offered funding from an American company in the beginning for our initial R&D. The Canadian government also gives R&D re-imbusement. We have managed our money extremely well, met all milestones and we still have plenty of money. In fact, we not only survived but also thrived in the last one year. This is the best period for technology development and we made good use of it. We are looking at going for B series perhaps from mid to later this year and this will be our final series of funding. We expect to go IPO or some other exit strategy near early next year.

Ken Sgro: What will your actual marketing strategy be?

Dr. Murthy: Our marketing strategy so far, has been one of our best accomplishments. What we have done is that we have conducted very smart marketing, talking to people, and organizations like yours. It really brought us a lot. We also did the Wireless Industry Congress Conference in Ottawa, which we steered in October 2001. We are directly contacting people because although we are making a product that sits in a consumer handheld device, we are not selling our product directly to consumers. So our marketing is almost entirely direct marketing to the OEMs. We are also influencing service providers because they will ultimately call the shots on what services are going to be delivered. They will decide whether e-mail or telephone will be in one device or not. And then the OEMs will figure out how to do it and we will provide the enabler to do so. So our marketing has been direct, so far as product marketing is concerned. In terms of corporate marketing we have talked to companies like yours who are very well know in North America, Wall Street organizations, local newspapers and Californian newspapers. We are pretty well covered in the media and some have even quoted us with titles like 'Intel and Microsoft inspired new chip'. In a way it is true because what we are doing for personal communications is what those companies did for personal computers, except that their chip is a computing chip and ours is just a communication chip. That has really given us a good amount of publicity in the right sense. We have pulled all our marketing activities in the right direction with little money.

Ken Sgro: What do you think your greatest challenges are?

Dr. Murthy: Well the challenge we think is past, for where the technology is concerned, it has been demonstrated. So technology wise we know we will be able to deliver both the quality and the performance that we are designing. As we enter in the market one of the challenges we face is how to scale our manufacturing and distribution activities knowing how big are we going to be. Our goal is to be world leader in this chip business in six years. I said this one and a half years ago so now that's within the next 4 or 5 years .. The second thing we are looking at as a challenge is pricing. As you know handheld devices, cost \$50.00 up to \$500.00. So how do we price our product so that our OEMs will be out selling their competitors? We have come up with some very innovative

approaches to do that. In the case of manufacturing, we are going to go to a big manufacturer such as TSMC or Chartered and the like. They invested a huge amount in their manufacturing facility. We expect that portion of the risk to be reduced by such large players helping us.

Ken Sgro: Who are the actual clients or area that you feel you have to put in a high priority for 2002?

Dr. Murthy: I can't tell right now. But we have partnerships already in place with a number of companies in various degrees and various areas. We have engaged some customers whom we are signing up for trial evaluation. I can't at this time give names because they are also working in a competitive market environment. There are a lot of OEMs making handheld devices. We have some non-disclosure agreements with them until such time that they wish to announce. But we are engaged in three groups of customers. Some of them are leading world class, some of them are leading in niches, and some of them are new comers with a good plan to succeed.

Ken Sgro: What are the priorities that you have set on the company overall?

Dr. Murthy : Our priorities in 2002 are product, sales and financing. The product and sales are happening as we speak. Financing will start in the middle of this year and we hope to complete this by the end of this year. We already have people wanting to invest in us. We have had at least 4 or 5 phone calls from would-be investors since our launch last October. We are differing the financing until we get our product sales plan in full gear, obviously to see the Market turnaround a little bit. We are engaging financing institutions slowly but surely but our full financing activity will start by May, June.

Ken Sgro: Dr. Murthy thanks for being with us.

Dr. Murthy: Thanks Ken for giving me this opportunity. Thank you

Ken Sgro: I've been speaking with Dr. K.M Sundara Murthy who is the chief executive officer, founder and president of SIGPRO Wireless. This has been Ken Sgro for CEO cast. Where Wall Street listens.