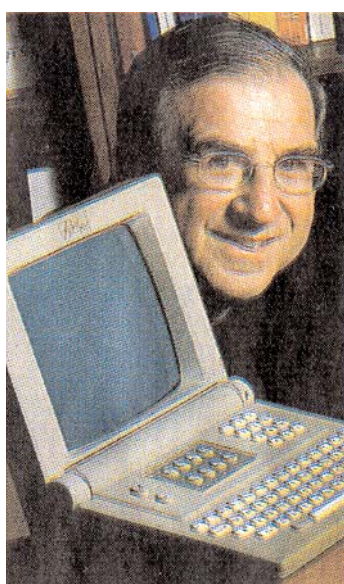




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'WE WANT TO MAKE OTTAWA THE WIRELESS CAPITAL OF THE WORLD'

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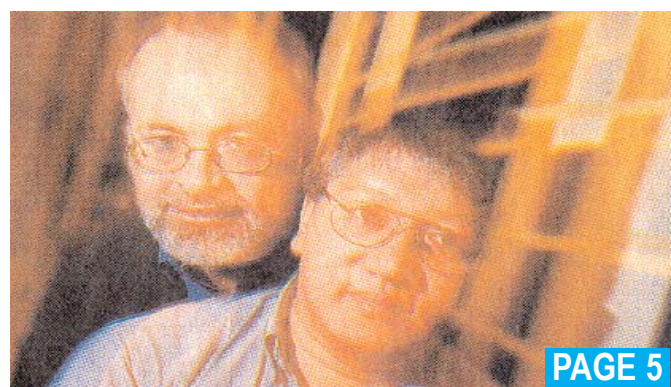


AHEAD OF ITS TIME

EARLY INTERNET WAS CREATED IN OTTAWA IN THE 1970S

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FASTER THAN A SPEEDING TERABYTE



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THE OTTAWA CITIZEN

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Doing it his way

SUNDARA MURTHY'S unlikely quest to make Ottawa a wireless capital

Little more than a year ago, one of Sundara Murthy's financial backers was concerned that this undeniably bright entrepreneur just wasn't getting it. Murthy's company, Sigpro Wireless, had banked \$16 million in venture financing from Celtic House and Skypoint Capital early in 2000. But Murthy was taking his time building his team and his products.

pick and choose his top engineers while the rest of the region's tech industry has imploded. And his company still has more than half its original capital in the bank.

Sigpro is aiming to become the supplier of chips for 3G handsets capable of handling video and other high-capacity applications. Its third-generation wireless technology platform

industry conference here in Ottawa (www.wic2002.com). Murthy was a prime mover behind the launch of the conference which attracted about 150 participants last year. About 400 are expected at this year's event, including a sizeable contingent from abroad.

"We want to make Ottawa the wireless capital of the world," says Murthy. Even as he says it, he knows this is a long shot. Centres such as San Diego, Boston, Dallas, Stockholm and Finland are significantly ahead in terms of recognition and numbers of wireless researchers. "Everybody starts small," adds Murthy, "At the very least we want to attract the venture capital that used to go to fibre-optic startups."

Interestingly, Murthy has had talks recently with Michael Cowpland, the chief executive of ZIM Technologies and another proponent of the idea that Ottawa's wireless niche could one day become significant. Cowpland and Murthy -- who both have doctorates -- may be discussing ways of using Sigpro's technology as a platform for ZIM's short messaging service. Murthy declined to get into specifics.

The wireless industry has retreated along with everything else in technology but some of its problems have more to do with disagreements over technical issues, rather than a collapse in consumer demand for wireless services. In Europe, for instance, the industry has agreed on a standard known as W-CDMA for third generation systems but handsets made by one manufacturer don't yet work with network equipment produced by competitors. Since wireless service operators like to offer subscribers more than one type of handset, third generation sales won't take off until this issue is resolved.

Even so, there is still plenty of activity at the level of potential component suppliers such as Sigpro. Murthy recently returned from a trip to Europe where he paid visits to Finland (Nokia), Sweden (Ericsson), Paris (Mitsubishi) and the U.K. (Celestica). The result was more headway for Sigpro. Of eight companies he has visited in the past few months, six have agreed formally to put Sigpro's technology through a series of technical trials.

Of course real commercial success for Sigpro won't come until at least one of these manufacturers includes Murthy's chips in its products, but at least Murthy appears to be heading down the right path. Indeed, he's increasingly convinced of it himself. By yearend, he expects to have opened offices in San Jose and Coimbatore, India. These will complement the main R&D centre in Ottawa, where Sigpro



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employs about 50.

The San Jose office, to include only two or three people, will look after sales and marketing. It's the Indian branch that represents the big departure from the norm. Sigpro is a long way from being the first to open an office in India. Nortel, Eftia OSS Solutions and Xstream Software are among Ottawa-based firms with a presence on the subcontinent. However, Murthy appears to be taking things one step further.

In November, he's planning to hire up to 40 workers for Sigpro's proposed operation in Coimbatore, a relatively small city by Indian standards about 200 kilometres southwest of the country's high-tech capital, Bangalore. Ottawa will remain the company's main design centre and Coimbatore would handle labour-intensive jobs such as assembly, testing and verification of the chip designs.

Murthy has been planning this move for some time. He notes there are more engineering institutes in the Coimbatore area than in Bangalore and it's easier to get around. Murthy reckons he'll wind up paying his Indian engineers the equivalent of \$4,000 to \$5,000 annually. It doesn't sound like much but the salary represents a reasonably good living in south India.

Hiring talented Indians sounds good in theory. However, many North American technology firms have discovered that trying to co-ordinate R&D operations across ten-and-a-half time zones is no easy matter, especially when it's being done from scratch.

Murthy though has the considerable advantage of knowing the area personally as well as the language. He grew up in Coimbatore and studied at the prestigious Indian Institute of Science in Bangalore. Another factor in his favour: as many as one-third of his Ottawa-based employees are first or second-generation south Asians who would find it relatively easy to spend short stints in Coimbatore without experiencing culture shock.

Murthy is fearfully ambitious. He's a man with few interests or hobbies outside of making Sigpro a winner. His son, Saravan, has joined the firm as a chip designer. His wife, an independent consultant, brings them meals, tiffin-style, on weekends at the office. If some of Sigpro's chips are designed into best-selling handsets, Murthy likes the idea of being able to expand rapidly if the need arises. The India connection gives him that flexibility. But it's the Ottawa headquarters that will manage this high-risk assault on one of the few sweet spots remaining in high-tech.

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BRUNO SCHLUMBERGER, THE OTTAWA CITIZEN

Ottawa will remain the main design centre for Sigpro Wireless, says owner Sundara Murthy. But he plans to open next month an operation in southern India to handle labour-intensive jobs such as assembly, testing and verification of chip designs. The connection to his homeland -- where engineers earn the equivalent of \$4,000 to \$5,000 a year -- gives the firm the flexibility to expand rapidly, he says.

"Back then, the VCs wanted you to spend as quickly as you could to establish a presence in the market," says Murthy, "I told them I didn't want to do it that way." Going slow turned out to be the right move. Murthy has been able to

is now being tested in the labs of many of the globe's top wireless manufacturers.

The two-year old firm is one of dozens of wireless companies that will be showing their stuff next week at the second annual wireless