

Tiny SIGPRO hotly pursued

Terence Matthews
among heavy hitters
offering big bucks

BY JAMES BAGNALL

Sundara Murthy, the founder and chairman of Nepean-based Sigpro Wireless Inc., has just got a good, first-hand look at North America's frothy venture capital industry.

The India-born wireless technology whiz began canvassing venture firms early this year to see who might finance his idea for a new chip for next-generation wireless handsets. Mr. Murthy got solid responses from six out of eight firms approached. Not only that, but several of the companies offered to give him more money than he was seeking on one condition - that he agree not to accept investments from any other firm.

His best offer, in terms of straight money, was a \$20-million U.S. proposal from a New York-based venture firm. Mr. Murthy turned that one down because the New Yorkers wanted control over when he would take Sigpro public or sell it to another firm.

In the end, Mr. Murthy went with a pair of Kanata-based venture firms, Skypoint Capital Corp. and Celtic House International Inc., which have set relatively few conditions on their recently concluded \$10 million U.S. investment.

"I see this company as a ground-breaking opportunity," said Mr. Murthy. "It's far more than just a quick flip or initial public offering candidate. Sigpro could become the Intel of the wireless world."

That's a lot of ambition for a company that's only several months old and doesn't yet have an office. Sigpro basically

operates out of the basement of Mr. Murphy's house in Nepean and its employee base is a group of up to 15 part-timers, many of them students. Of course, with the capital from Skypoint and Celtic House, Sigpro will be converting most of its part-timers to full-time and plans to have a staff of 50 by this time next year.

Certainly, Sigpro is generating unusually quick responses from those in a position to help it.

When Mr. Murthy began a presentation of his company's ideas and aims in early April to Skypoint principal Leo Lax, he managed only to get to the fourth slide before Mr. Lax said 'Okay, I've seen enough. What do you need?'

Mr. Murthy verbally accepted Skypoint's offer. He then suggested that Mr. Lax collaborate with one of the U.S. venture firms that had already agreed to fund Sigpro. That's when Celtic House, a competing venture capital firm controlled by Kanata businessman Terence Matthews, caught wind of things.

Mr. Murthy got a call from a Celtic House executive who, in turn, introduced him to Mr. Matthews. "It was supposed to be a half-hour meeting but he spent three hours with me," said Mr. Murthy. "He asked about every facet of my company, my background and the industry I'm in."

Eventually Mr. Matthews asked Mr. Murthy 'Why do you want to go with venture capitalists? I'll give you all the money you need and help you build your company.' It was an interesting turn of phrase because Celtic House is a venture firm but Mr. Matthews clearly doesn't see it that way. To him, every investment is something personal and for the long-term. Mr. Matthews then pressed



BRUNO SCHLUMBERGER, THE OTTAWA CITIZEN
Sundara Murthy, the founder of Sigpro, currently operates his company out of his basement. He just signed a deal

Mr. Murthy to accept an office in one of the buildings managed by Kanata Research Park Corp., his personal real estate firm. When one of Mr. Matthews' lieutenants attending the meeting pointed out there is no more room in these facilities, the Welshman responded, 'Isn't there a basement office available? I want Mr. Murthy nearby.'

Mr. Murthy was so blown away by this show of support that he decided to turn down a financing offer from New York to go with Celtic House. But he added a condition of his own -- namely, that Celtic House would have to share the deal with Skypoint. "I had a verbal agreement with Leo," he said.

With the money in hand, Mr. Murthy reckons he has about 15 to 18 months to fully develop his new chip, a flexible, programmable product that will allow wireless handsets to handle much greater quantities of data such as Internet traffic. In so doing, he is almost certainly taking dead aim at Qualcomm Inc., the California-based leader in the current gen-

eration of wireless technology using CDMA technology (short for code division multiple access).

In many ways, Sigpro is a natural step for Mr. Murthy who moved to Canada in the late 1970s after earning his doctorate in digital communications from the University of Sussex in Britain. Mr. Murthy started his Canadian career doing post-doctoral studies at the University of Ottawa but then moved quickly into industry.

Along the way he has built R&D groups from scratch at a succession of Canadian firms including, most recently, Waterloo-based Research in Motion Ltd. and Com Dev International Ltd. In each case, the emphasis was on wireless technology.

He caught the entrepreneurial bug only relatively recently.

Towards the end of his assignment at Com Dev, he sent a business proposal to acquaintances who, in turn, passed it on to others.

The reception he got convinced him "It was now time to take a risk."

He has since discovered many others who agree.