



ETRE 2005: Coverage report

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17.10.05	TechWack.com	Skype sees Microsoft, America Online and Yahoo! as challengers
17.10.05	New York Post	SKYPE BOSS AIMS FOR M'SOFT, YAHOO!
17.10.05	Portal IT News	Skype Ebay deal cut by the fear of big competitors
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18.10.05	TG Daily	RealNetworks may go shopping for acquisitions
18.10.05	Reuters UK	RealNetworks mulls buys after Microsoft payout
18.10.05	Reuters Canada	RealNetworks mulls buys after Microsoft payout
18.10.05	Reuters	RealNetworks mulls buys after Microsoft payout
18.10.05	Bloomberg	SAP May Post Profit Rise; Takes Clients From Oracle
18.10.05	Leading The Charge Australia	RealNetworks mulls buys after Microsoft payout

18.10.05	Reuters India	INTERVIEW - RealNetworks mulls buys after Microsoft payout
18.10.05	Philadelphia Inquirer	Business News in Brief
18.10.05	ABC Money.co.uk	Skype chief fears Tech giants
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18.10.05	The Inquirer	US-French truffle wars break out
18.10.05	The Inquirer	Microsoft said security problems caused Vista delay
18.10.05	The Inquirer	MySQL wants to be the Ikea of databases
18.10.05	Herald News Daily	Freescale says wireless division doing not badly
18.10.05	Financial Times Deutschland	Der Branchenschreck
19.10.05	The Inquirer	IT industry shows signs of becoming terribly grey
19.10.05	Financial Times Deutschland	Symbian sucht Partnerschaft mit Softwareanbietern
19.10.05	Taipei Times	Executives say European workers are just too lazy
19.10.05	Bloomberg	SAP May Post Profit Rise; Takes Clients From Oracle
19.10.05	The China Post	Execs blame job shifts on work ethic
19.10.05	Red Herring	SAP outpaces Oracle
19.10.05	ZDnet	Real: How can we spend Microsoft's money?
19.10.05	PC Pro	Microsoft settlement to fund Real acquisition spree
19.10.05	Web Pro News	Microsoft The Real Skype Threat
20.10.05	The Inquirer	China likely to grant four 3G licences
20.10.05	Reuters India	Venture capitalists seek next big thing in tech
20.10.05	IT News Australia	Venture capitalists seek next big thing in tech
20.10.05	CIOL India	Venture capitalists seek next big thing in tech
20.10.05	CRM Forum News	SAP soars at Oracle's expense
24.10.05	The Inquirer	Microsoft cries innovation and empowerment

09.11.05	Financial Times	The consumer seems to dominate the future
09.11.05	Financial Times Online	The consumer seems to dominate the future
14.11.05	MSNBC	Can Europe still compete in technology?
16.11.05	The Inquirer	VCs have a downer on the chip industry

Publication: EE Times
Date: 16.10.05



IP startup seeks \$20 million to go fabless

Richard Wallace

ATHENS, Greece — Intellectual-property licensing company On Demand Microelectronics GmbH is seeking venture capital investment to help it transform itself into fabless chip company, a business model for which it believes the financial returns on its efforts will be higher. “We need \$20 million to go fabless,” said Ronald Lintner, On Demand’s chief financial officer, during a venture capital pitching panel at The European Technology Roundtable Exhibition (ETRE) here Sunday evening.

A spin-off of Analog Devices, Inc., On Demand (Vienna, Austria) has completed the design of a Vector Signal Processor (VSP) and would “tape out by next March,” Lintner told the audience of technology and investment executives. This is behind a schedule set as recently as July when On Demand was expecting its licensees to have first tape-outs of VSP-based products either in September or November 2004, depending on their progress (see [July 11 story](#)).

Lintner explained the intended transition saying On Demand “wants to produce our own product as an IC” to position itself for more market upside by moving as quickly as it can from being a supplier of IP core architectures to a fabless silicon company. “We want to have our own chip,” Lintner said.

The company is working with three semiconductor foundries and expects to tape its design out as part of a multiproject wafer. Lintner did not disclose the names of the target foundries or details of the manufacturing process technologies the VSP has been designed to use.

Despite some skepticism from a panel of venture capitalists who grilled Lintner on the wisdom of entering the crowded HDTV silicon market the CFO claimed the company has a unique architectural approach and a two and a half year road map to share with potential investors. On Demand is targeting the fast growing HDTV market with its VSP technology which is based on a scalable VLIW architecture. The VSP can be programmed using single-instruction, multiple-data (SIMD) commands, which minimizes program memory. It also uses multiple-instruction, multiple-path commands to guarantee full use of all parallel-processing units at all times. The designer can also configure the width of the data path to suit the accuracy of the application.

The company told *EE Times* in [July](#) that it was pitching its VSP as a multi-standard programmable platform whose architecture can be configured and scaled to requirements. “The key value we bring is the ability to provide our customers with architecture for a specific application that can be customized before tapeout,” Rumman Syed, director of business development at On Demand, said at the time.

And at that time [On Demand](#) claimed to have signed up two IP licensees for its technology. It remains unclear how the licensees will respond to On Demand's move to also become a vendor of VSP silicon.

Publication: Red Herring
Date: 16.10.05



Skype Fears Microsoft, Yahoo

At the ETRE conference, VoIP company says it's worried about the huge consumer base of bigger tech firms.

The biggest threat to Skype comes from Internet companies like [Yahoo](#), [AOL](#), and Microsoft's MSN, said the CEO of the VoIP provider Sunday, noting it's not these rivals' technology he fears, but rather their large user base. Of course, Niklas Zennström, who is also Luxembourg-based Skype's founder, has less to worry about these days, now that his company can also access eBay's 161 million registered users. The San Jose, California-based auction house bought Skype in September for \$2.6 billion in cash and stock (see [eBay Acquires Skype](#)). Potential earnings could increase the value of the deal to more than \$4 billion.

But Mr. Zennström said saying "yes" to [eBay](#) was more of a matter of chemistry than anything else. His company's new parent has a history of nurturing its acquisitions, he said, making it a good partner when it comes to growing Skype, which helped pioneer free Internet phone calls. "eBay had a good track record with [online payments unit] PayPal," said the soft-spoken Mr. Zennström, in remarks at the ETRE technology conference in Athens, Greece. ETRE is organized by Dasar, a company owned by Red Herring publisher Alex Vieux. "They don't disintermediate companies they acquire," Mr. Zennström added, referring to eBay. "That's something we would never allow to happen."

Skype has been looking to differentiate itself from other technology companies that also provide VoIP. In September, the company upgraded its Skype for Windows software, adding personalized ring tones, sounds, and pictures for members. It also announced improved sound quality on Skype's VoIP service, and free call forwarding to landline and mobile phones, among other offerings (see [Skype Gets Personal](#)).

Sharing Skype

As for eBay, just because it bought Skype doesn't mean it will have the service all to itself. Skype will integrate with some of eBay's services, but will also continue to partner with other companies. Under the deal, developers can tap into the open interfaces of eBay and Skype. As a result, the partners are hoping the developers will roll out e-commerce applications using voice that will likely deliver even more traffic to eBay and Skype.

Mr. Zennström remarked that the eBay deal had made Skype investors very happy. But he also slammed venture capitalists in general, and many VCs were in the audience during his talk. His complaint? He recalled how he and his co-founder Janus Friis, who made up the team behind the popular peer-to-peer file-sharing application, Kazaa, did not get any funding initially from European investors.

Bill Draper, a well-known high-tech VC, was the first investor to take a chance on the duo. But after his investment came a dry spell for Skype. "We couldn't close the first round for a year after that," he said. "No one wanted to give us money." And those who did offered them very unfavorable terms, Mr. Zennström said.

"Don't go to VCs; not European VCs," he advised European entrepreneurs in the audience. Of course, once Skype launched, and became the widely used application it is today, everyone wanted to get in, he remembered. As Skype grew, one of the options considered was getting more money through private-equity financing or from VCs; then Skype could mull an initial public offering, he said. But Mr. Zennström said the eBay deal made the most sense in the end. "We want to build the largest online communications company," he said.

Indeed, that's exactly what all the Internet companies, armed with their huge brand names, seem to want to do these days. [Google](#), Yahoo, and AOL all offer voice chat as part of their instant messenger offerings (see [AOL Launches Voice Offensive](#)). These companies all plan to continue to focus on voice, and will certainly come out with better services and applications in the not-too-distant future. But with eBay's resources behind him, Mr. Zennström can take on those companies on a more even playing field. "We've never looked at competition," he said. The competition, however, is certainly looking at the industry Skype has almost single-handedly promoted and popularized.

Publication: Reuters News
Date: 16.10.05



Skype sees Microsoft, Yahoo, AOL as main threats

ATHENS (Reuters) - Internet phone-calling phenomenon Skype, which was bought by online auction company eBay Inc. for almost \$4 billion last week, said it sees computer giant Microsoft as one of its biggest potential rivals. "I think the biggest threat to us is companies like Microsoft, Yahoo and Time Warner's AOL, because their customer base is so big," Skype's Chief Executive and co-founder Niklas Zennstroem told a conference on Sunday.

Microsoft bought Teleo in August and Yahoo bought Dialpad earlier in the year in efforts to catch up with Skype's lead in the booming voice-over-Internet-protocol (VOIP) market. Luxembourg-based Skype offers free computer-to-computer calls between Skype users. It charges for calls made from or to numbers outside the network. The company has quadrupled in size over the last year and is adding 150,000 users per day. It now has 54 million users. EBay is paying \$2.5 billion plus another possible \$1.4 billion if certain targets are met for Skype, which will allow it to add free Web telephone calls to its online auctions, smoothing the way for more deals to go through.

Zennstroem said he had thought long and hard about the sale to eBay and had talked to other potential buyers as well as considering an initial public offering before plumping for eBay, which promised Skype the most autonomy. "EBay had a good record, especially with PayPal," Zennstroem said, referring to the online payment company eBay bought in 2002. "They don't want to disintegrate the company. They'll nourish it and allow it to grow." Zennstroem confirmed

that he had talks with Rupert Murdoch's News Corp before deciding to go with eBay. "We had meetings with a lot of companies. We met with News Corp, yes," he said.

Zennstroem said he saw growth possibilities in facilitating such services as live online translation. "I'm convinced that over time pretty much all voice communication will be over the Internet," he said. "Our objective is to change the way people communicate. In a few years' time the idea of paying for phone calls will seem very strange."

Publication: SDA India
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Publication: The Inquirer
Date: 16.10.05



India and China business offers double digit growth

Mike Magee

Dash it, we just missed Niklas Zennstrom, the co founder, and CEO of Skype but he was looking very happy and who can blame him after the Ebay acquisition. He wasn't very happy about venture capitalists, we've been told. But he has that in common with plenty of other people, right? The jury is out on whether Ebay paid way too much for Skype, but there's definitely a bit of exit and acquisition fever here in Athens, where the great and the good have gathered, yet again.

Just after Zennstrom we had a chat from Paul Deninger, chairman of Jefferies Broadview. This is a big securities firm, and Deninger, a senior VP at the firm, said that deals like Skype demonstrated the type of deals that have started this year. He said that's not happening because of pressure of technology, it's the pressure of the business model that's swinging the deal. And the direction is global rather than local. He said there's no Europe, it's a collection of different markets. Companies showing economic viability are the ones people are interested in, he said. And these days, he claimed, There's always an exit for companies that are making money. Venture capitalists will start making money when deals are \$150 million and more, he said. The number of IPOs in Europe during 2005 will be 70 or 80, and that's more than in the United States, he said. Plus there's far more capital available than opportunity. Returns can be played in or maintained because of the low interest environment. Return is not the most important thing. Safety is a factor.

There's growing interest in China out acquisitions and the Chinese are so anxious to get access to our capital markets that we're seeing a number of Chinese IPOs. No one, he said, had heard of Lenovo, and then it went and took over the IBM PC Company. We're not sure how Lenovo, or IBM, will feel about that statement. Every venture in India and China is a double digit growth industry, whether it's technology or rice, so you're seeing a lot of interest because the growth model there is so great. Traditional VCs are designed to create businesses worth \$50 to \$100 million, and there's a gap in the market for businesses that will be worth more than that.

By the way, the weather's lovely here in Athens. More later.

Publication: The Inquirer

Date: 16.10.05



Silicon Hive swarms, to SOC it to you fast

This firm is an R&D wing of Dutch giant Philips and offers some answers for system on chip designs. Silicon Hive offers off the shelf programmable processors which are aimed at consumer, mobile and automotive apps. It can reduce the time to market by a factor of three, Silicon Hive reckons.

It already has a prototype chip, a 32Mb/s digital receiver made by Philips designed in 11 months rather than three years. It's aimed at the home, at the car market. It licenses its processors to chip makers who then bring them to the market, a little like ARM does. The SOCs can be used in a variety of different applications. Its products include HiveGo, HiveFlex and HiveLogic which include complete designs, tools and others building block. Silicon Hive has a microprocessor called the Avispa which it has licensed to Agere Systems.

Publication: The Inquirer
Date: 16.10.05



Five firms shredded by five attack VCs

Mike Magee

Five companies got 120 seconds to present their companies to the assembled good and the great here in Athens. The companies that have got to give it a go are Dolphian SA, Info.com, On Demand Microelectronics, Pan African Telecom, and Spreadshirt GmbH. Yeah, that's right, not spreadsheet and not sweatshirts.

One of the execs sweating at the Etre conference include the famous Julie Meyer. A panel of five people then interrogate the poor lambs to the slaughter. Mr Dolphian said his firm operated in the content and security management. It builds the engines that understand content, and make decisions based on policies. The engine can filter any kind of data. That's sixty seconds. Dolphian works with large corporations and security software and hardware vendors and sell the engine to be embedded in their own products. Ninety seconds. The route to market is through OEMs in the US and through ISPs in Asia. One hundred and twenty seconds. But Dolphian is still talking. It's based in Paris and there's an office in Hong Kong. It's just closed its second round of financing and is generating revenues in the corporate and OEM market. Not bad. One hundred and fifty seconds. The man sold his first company for four and a half billion dollars in 1999. As with most VC sponsored firms, it's got to be worth \$50 million within three years. The five strong panel told poor Mr Dolphian they wouldn't invest in his firm.

Next lamb to the slaughter was the Brit who founded Info.com. Google and Yahoo search represent less than seven per cent of total Internet traffic – there's all sorts of other stuff going on like health, travel. Info.com works with third parties to parse metatags. Rather than seeking extra investment, Info.com is looking for a partner to work with it. He was good. Ninety seconds. You can see what this product goes by going info.com, which has a variety of tags to choose from. Hey, TheInquirer.net is on there. Go give it a try, and he defended his company pretty well against the attack posse. He reckons that info.com manages to narrow down results using metasearch. Info.com selects best of breed. Yes. Meyer asked the man how it made money. He said the reality is that the big incumbent like News Corp recognize the value of good search facilities. Info.com has three engineers and integrates a heap of different search engines. Attack verdict by the Famous Five? The attack team gave a varied response as to whether Info.com was a goer. Quite a few of them would want to dig a little deeper. Ms Meyer seemed skeptical. He got ticked off by Mr Dasar for not explaining things sufficiently. Still he didn't get slapped on the bum by Alex Vieux like the INQ did.

Next victim is a nice chap from On Demand Electronics. It offers a programmable multicore decoder for video processing. It has a prototype and has US, Canadian and German customers, he said. It wants to become a fables company and then go international. More information on the <http://www.ondemand.co.at/> web site. He managed about 90 seconds. Responding to questions from the Attack Team, he said that the industry required multistandards which it doesn't have. So far it has raised \$15 million and needs another \$20 million. It can't go directly to a model without fabs so introduced itself on the IP model. Next year it will bring an integrated circuit to the market. IP cannot make as much money as producing products as it only brings royalties. This guy seemed to interest the Fab Five.

There are a number of players in this marketplace and they have to be watched. Pan African Telecom is offering push to talk. Nigeria has gone from zero to 15 million mobile subscribers in less than four years. There is no push to talk service, with everyone using inadequate GSM services which are time consuming and costly. The firm will use Motorola technology in Nigeria, just as Nextel does in the US. The optimum per subscriber is \$57.42 per subscriber. There will be about one million users but the business can be scaled, said Pan. Push to talk has margins of 95 per cent – sheesh, Intel and Microsoft would kill for that. The panel wonders whether Push to Talk is a proven business model outside the USA. In Europe it hasn't really taken off. Maybe BT or someone else could take a punt, said the panel.

Last up is Spreadshirt. This is an internet company which failed to get investment so the guys built it up by cash flow. It has 120 people and it's doing e-merchandising, sending customised products online, such as t-shirts, buttons and the like. The firm sells them directly to consumers and allows people to create their own merchandising shops. It's the market leader in Europe and is catching up in the USA, said the nice chap. There's no investors, but it reckons it might need \$1 or \$2 million but there will be bigger capital requirements when it starts to acquire its competitors.

You got to admire these guys standing up and letting the Famous Five knock nine bells out of them. They all stood up for themselves and don't even get the right of reply if the flak flies.

Publication: Admanager
Date: 17.10.05



Goldman says Internet is back, but with provisos

The market for Internet companies to go public is back, the managing director of Goldman Sachs' high-tech group said on Sunday, but only with provisos and with private equity firms increasingly calling the shots. Lawrence Calcano told a technology conference in Athens that U.S. Internet companies with strong online advertising business models were succeeding, but that the climate did not mean a return to the hype of the Internet bubble of 2000.

"Is the industry back? Yes and no -- no because it will not be the case this time that the rising tide will raise all boats," Calcano said. Top Internet companies are trading at around 40 times future price-to-earnings ratios, compared with as much as 300 times for companies like Yahoo at their peak. "The bars to go public are very high now," he said. "Private equity players are creating a new set of rules."

But he said today's more sober market was a healthy one, with great potential for new Internet companies with clear online advertising plans. Only around 5 percent of advertising budgets are currently spent on Internet ads, he said, compared with 20 percent of consumers' time spent online.

Publication: Australian IT
Date: 17.10.05



Skype sees MS as rival

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Publication: Bloomberg
Date: 17.10.05



SAP Says Earnings to Show Growth Is Outpacing Oracle

Oct. 17 (Bloomberg) -- SAP AG, the German business- management software company that reports quarterly earnings this week, expects the figures will show that it's growing faster than competitor Oracle Corp., board member Leo Apotheker said. "The figures will substantiate our claim that we are outpacing Oracle", Apotheker told reporters at a business conference in Athens today. He declined to provide more details on the earnings, which the world's largest maker of business- management software, based in Walldorf, releases on Thursday.

Oracle, based in Redwood City in California, has relied on purchases including that of PeopleSoft Inc. and the planned acquisition of Siebel Systems Inc. this year to edge in on SAP, which dominates the market for software that helps companies run their businesses.

SAP's share of the market for business-management software is expected to rise to 43 percent this year from 40 percent in 2004, while Oracle's share may drop to 19 percent, according to Boston-based AMR Research Inc.

SAP shares rose as much as 2.82 euros, or 2 percent, to 145.42 euros and traded at 144.6 euros at 12:14 p.m. in Frankfurt.

The company this week may say third-quarter net income gained 14 percent as the company expanded sales in the U.S., a survey of analysts showed.

Net income probably climbed to 331 million euros (\$402 million) from 291 million euros in the year-ago quarter, the median estimate of 14 analysts surveyed by Bloomberg News showed. License revenue, a measure of future growth, probably rose 13 percent to 554 million euros, helped by a 25 percent jump in license revenue from the U.S., according to the survey.

Publication: Bloomberg
Date: 17.10.05

Bloomberg.com

European Oil Stocks Climb, Led by Total; British Airways Falls

Oct. 17 (Bloomberg) -- European energy stocks, such as BP Plc and Total SA, rose the most in 2 1/2 years after the price of oil increased on concern a storm in the Caribbean may strengthen and disrupt production in the Gulf of Mexico. "You have to buy shares of oil and gas producers", said Philippe Gijssels, chief strategist at Fortis's private investment unit in Brussels, which manages \$62 billion. "You have excellent earnings growth." Gijssels recommends investors own more energy stocks than are represented in benchmarks.

British Airways Plc and Iberia Lineas Aereas de Espana SA fell on concern higher fuel costs will dent airlines' profits. Royal Philips Electronics NV paced gains by technology-related shares after Europe's largest consumer-electronics maker reported third-quarter earnings that beat analysts' estimates.

The Dow Jones Stoxx 50 Index gained 0.1 percent to 3180.29 in London. The Euro Stoxx 50, a gauge for the 12 countries using the euro, rose 0.2 percent. The Stoxx 600 lost less than 0.1 percent.

National benchmarks rose in 12 of the 18 western European markets. France's CAC Index and the U.K.'s FTSE 100 Index both added 0.2 percent, while Germany's DAX Index climbed 0.1 percent. Norway's OBX Index led gains with a 1.4 percent advance, paced by Statoil ASA and Norsk Hydro ASA.

BP, Europe's largest oil company, rose 2.6 percent to 629.5 pence. Total, the region's third-biggest energy producer, gained 2.1 percent to 208.7 euros. Statoil and Norsk Hydro, Norway's largest oil companies, climbed 2 percent and 1 percent, respectively.

Profit Gains

The Stoxx 600 Oil & Gas Index climbed 1.8 percent, the best performer among 18 industry groups in the regional benchmark. Earnings growth for energy companies is expected to reach 43 percent in 2005, compared with estimates of a 3.5 percent drop in January, according to FactSet Research Systems Inc. Next year, analysts predict profits in the industry may rise 1.9 percent.

The sub-index is the worst performer in the Stoxx 600 this quarter, sliding 7.9 percent. Still, it has had the second-biggest gain in the index this year, advancing 28 percent, bolstered by a 46

percent increase in the oil price. Crude oil for November delivery climbed as much as 2.6 percent to \$64.28 a barrel in after-hours electronic trading on the New York Mercantile Exchange. The futures reached a record \$70.85 on Aug. 30.

Tropical Storm Wilma, the 21st named Atlantic storm this season, formed today west of Jamaica, the National Hurricane Center in Miami said. Oil production in the Gulf of Mexico is 67 percent less than normal following Hurricanes Katrina and Rita.

Fuel Costs

British Airways, Europe's third-biggest airline, dropped 0.9 percent to 299.75 pence. Iberia, Spain's No. 1 airline, lost 1.8 percent to 2.17 euros. Fuel costs account for as much as 14 percent of airlines' total costs, according to Credit Suisse First Boston. Philips, based in Amsterdam, rose 1.9 percent to 21.64 euros. The shares had their biggest gain since January after the company said third-quarter net income advanced 23 percent to 1.44 billion euros (\$1.74 billion) on gains from stake sales and an unexpected increase in revenue. Profit surpassed the 1.25 billion euros predicted by the median estimate of 12 analysts surveyed by Bloomberg News.

The industry gauge tracking technology shares in the Stoxx 600 increased 0.3 percent. Ericsson, Nokia, SAP. "There could be a swing back towards the sector", said Gary Dugan, chief investment officer at Barclays Investment Services in London, which manages about \$98 billion. "We should see some good quarterly results."

Ericsson AB, the world's biggest maker of mobile networks, is among three technology companies in the Stoxx 50 that are scheduled to announce earnings this week. Nokia Oyj, the largest mobile-phone maker, and SAP AG, the No. 1 maker of business- management software, are the other companies in the industry due to report. SAP advanced 1.4 percent to 144.60 euros. Quarterly results on Oct. 20 will show that the company is growing faster than Oracle Corp., its closest competitor, board member Leo Apotheker said at a business conference in Athens. Nokia shares climbed 0.5 percent to 14.07 euros.

Sony Ericsson Mobile Communications Ltd., the cellular- phone joint venture owned by Sony Corp. and Ericsson, reported a 16 percent increase in third-quarter profit as sales beat analysts' estimates. Ericsson shares slipped 0.7 percent to 27.3 Swedish kronor.

DaimlerChrysler, Roche

DaimlerChrysler AG, the world's fifth-largest automaker, added 1.6 percent to 42.68 euros after General Motors Corp., the biggest U.S. carmaker, said it agreed with the United Auto Workers on ways to reduce health-care expenses by about \$1 billion a year. The German company owns Chrysler in the U.S. "The market is speculating that Chrysler can do similar things", said Lars Ziehn, an analyst at WestLB AB, who has a 'neutral' rating on DaimlerChrysler shares. "If you can get significant cost reductions, then that's good for the company." Roche Holding AG, the maker of the Tamiflu influenza drug, advanced 2.1 percent to 188 Swiss francs. The company is sending packages of Tamiflu to Turkey and Romania after the two countries confirmed cases of deadly avian flu.

Hennes & Mauritz AB, Europe's largest clothing-store chain, fell 1.3 percent to 261.5 Swedish kronor. The company said September sales rose 7 percent, less than the 13 percent gain estimated by analysts amid sluggish demand in Germany, Austria and Switzerland. Aegis, Neste.

Aegis Group Plc, which said this month it's in talks with more than one potential suitor, dropped 4.2 percent to 127 pence. That was the steepest decline since March 2004. Publicis Groupe SA, the world's fourth-biggest advertising company, said after the markets closed last week that it decided against bidding for Aegis, the world's No. 1 buyer of advertising space. Neste Oil Oyj, Finland's only refiner, jumped 8.3 percent to 27.40 euros, the biggest gain in the Stoxx 600. Merrill Lynch & Co. raised its share-price forecast to 32 euros from 25 euros, citing prospects for European refining margins.

Elan Corp., Ireland's biggest drugmaker, and Biogen Idec Inc. said that a safety study found no new confirmed cases of the rare neurological disease that caused multiple sclerosis drug Tysabri

to be withdrawn on Feb. 28. Elan shares climbed 2.7 percent to 6.8 euros. Altran SA, Europe's largest provider of contract research, surged 17 percent to 10.3 euros. The shares gained the most in two years. The company reported a first-half profit of 17.7 million euros, compared with a loss of 5.8 million euros a year earlier, helped by cost reductions and increased sales in countries such as Britain and Germany.

Publication: CIOL
Date: 17.10.05



Skype sees threat from Microsoft, Yahoo

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Zennstroem confirmed that he had talks with Rupert Murdoch's News Corp before deciding to go with eBay. "We had meetings with a lot of companies. We met with News Corp, yes," he said. Zennstroem said he saw growth possibilities in facilitating such services as live online translation. "I'm convinced that over time pretty much all voice communication will be over the Internet," he said. "Our objective is to change the way people communicate. In a few years' time the idea of paying for phone calls will seem very strange."

Publication: EE Times
Date: 17.10.05



IP licensor On Demand seeking investors

Richard Wallace

ATHENS, Greece — Intellectual-property licensing company On Demand Microelectronics GmbH is seeking venture capital investment in an effort to become a silicon supplier.

"We need \$20 million to go fabless," Ronald Lintner, On Demand's chief financial officer, disclosed during a "Meet the Money" VC pitching panel at the European Technology Roundtable Exhibition (ETRE) here Sunday (Oct. 16).

A spinoff of Analog Devices, Inc. On Demand has completed a silicon design of its Vector Signal Processor (VSP) and will "tape out by next March," Lintner told the audience of technology and investment executives. He explained that it wants to "produce our own product as an IC" to position itself for growth by moving as quickly as possible from being a supplier of IP core architectures to a fabless silicon company. "We want to have our own chip," Lintner said. The company is working with three foundries and will tape out its design as part of a multiproject wafer. Lintner did not disclose the names of the target foundries or details of the VSP's silicon geometry.

The VC investment would be used to accelerate On Demand's market shift to the fabless model. Despite some skepticism from a panel of investors who grilled Lintner on the wisdom of entering the crowded HDTV silicon market, the CFO claimed the company has a unique architectural approach and a two-and-a-half-year road map to share with potential investors.

On Demand is targeting the fast-growing HDTV market with its VSP technology based on a scalable VLIW architecture. The VSP can be programmed using single-instruction, multiple-path commands to minimize program memory. It also uses multiple-instruction, multiple-path commands to guarantee full use of all parallel-processing units at all times. Designers can also configure the width of the data path to suit the accuracy of the application.

[In July](#), On Demand (Vienna, Austria) said it was pitching its vector processor as a platform architecture that could be configured and scaled to the requirements of a variety of digital TV chips. "The key value we bring is the ability to provide our customers with architecture for a specific application that can be customized before tapeout," said Rumman Syed, director of business development at On Demand. At the time, it had reportedly signed up two IP licensees to use its technology.

Publication: Express India
Date: 17.10.05



Skype sees Microsoft, Yahoo, AOL as main threats

Athens, October 17: Internet phone-calling phenomenon Skype, which was bought by online auction company eBay Inc. for almost \$4 billion last week, said it sees computer giant Microsoft as one of its biggest potential rivals.

"I think the biggest threat to us is companies like Microsoft, Yahoo and Time Warner's AOL, because their customer base is so big," Skype's Chief Executive and co-founder Niklas Zennstroem told a conference on Sunday. Microsoft bought Teleo in August and Yahoo bought Dialpad earlier in the year in efforts to catch up with Skype's lead in the booming voice-over-Internet-protocol (VOIP) market.

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Publication: Express India

Date: 17.10.05



Internet is back, but with provisos: Goldman Sachs

Athens, October 17: The market for Internet companies to go public is back, the managing director of Goldman Sachs' high-tech group said on Sunday, but only with provisos and with private equity firms increasingly calling the shots.

Lawrence Calcano told a technology conference in Athens that US Internet companies with strong online advertising business models were succeeding, but that the climate did not mean a return to the hype of the Internet bubble of 2000.

"Is the industry back? Yes and no -- no because it will not be the case this time that the rising tide will raise all boats," Calcano said.

Top Internet companies are trading at around 40 times future price-to-earnings ratios, compared with as much as 300 times for companies like Yahoo at their peak.

Publication: Finfacts Ireland

Date: 17.10.05



German software group SAP says that it is growing faster than Oracle

SAP AG, the German business management software company, which will report quarterly earnings this week, said today that the figures will show that it is growing faster than Oracle, the world's No. 2 software company and its closest competitor, according to a SAP board member.

"The figures will substantiate our claim that we are outpacing Oracle", board member Leo Apotheker told reporters at a business conference in Athens today. He refused to provide further details on the earnings, which Walldorf, Germany-based SAP reports on Thursday.

Publication: ABC News

Date: 17.10.05



SAP sales chief says outpaced Oracle

ATHENS (Reuters) - Germany's SAP <SAPG.DE>, the world's biggest maker of business software, outpaced arch-rival Oracle <ORCL.O> in the quarter to September, its head of sales and operations said on Monday. "The numbers will substantiate our claim that we are outpacing Oracle," Leo Apotheker told an industry conference in Athens, referring to SAP's quarterly results, which are due to be released on Thursday.

He declined to elaborate on whether he was comparing SAP and Oracle's sales or market share.

Publication: IT News Australia

Date: 17.10.05



Skype sees Microsoft, Yahoo, AOL as main threats

ATHENS (Reuters) - Internet phone-calling phenomenon Skype, which was bought by online auction company eBay for almost US\$4 billion last week, said it sees computer giant Microsoft as one of its biggest potential rivals. "I think the biggest threat to us is companies like Microsoft, Yahoo and Time Warner's AOL, because their customer base is so big," Skype's chief executive and co-founder Niklas Zennstroem told a conference on Sunday.

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Publication: Moldova.org
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Publication: MSN Money
Date: 17.10.05



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Publication: New York Post

Date: 17.10.05



Skype Boss Aims For M'soft, Yahoo!

October 17, 2005 -- Niklas Zennstroem, who this month sold Skype Technologies SA to EBay Inc. for \$2.6 billion, said Microsoft Corp. and Yahoo! Inc. are Skype's biggest competitors as they seek to expand in the Web phone industry with purchases. "What will happen is that someone who is very good will get acquired by the big guys," Skype chief executive Zennstroem said at a presentation at Greece's Etre business conference in Athens yesterday. "Microsoft is very serious about gaining a larger slice of the cake."

Publication: Portal IT News

Date: 17.10.05



Skype Ebay deal cut by the fear of big competitors

Niklas Zennstroem, Skype's founder and CEO, who this month sold Skype Technologies SA to EBay Inc. for \$2.6 billion, said Microsoft Corp. and Yahoo Inc. are Skype's biggest competitors as they seek to expand in the Web phone industry with purchases.

The days of worrying can wait for a while, because now, under eBay's umbrella, Skype has gained another 161 million registered users. Mr. Zennstroem said saying "yes" to eBay was more of a matter of chemistry than anything else. His company's new parent has a history of nurturing its acquisitions, he said, making it a good partner when it comes to growing Skype, which helped pioneer free Internet phone calls. "They don't disintermediate companies they acquire," Mr. Zennstroem said, referring to eBay. "That's something we would never allow to happen."

"We want to build the largest online communications company," he said. But that is what most of the internet giants want these days! Google, AOL, Microsoft and Yahoo aim in that direction and have lots of resources to do it. The once tiny and ambitious Luxembourg company seems to have made the right choice teaming up with eBay, which seems to be providing all the needed freedom for the Skype service to be developed. Just because it bought Skype doesn't mean for eBay it will have the service all to itself. Skype will integrate with some of eBay's services, but will also continue to partner with other companies.

Publication: Reuters News
Date: 17.10.05



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Publication: Reuters
Date: 17.10.05



Skype's Zennstroem back to work after \$4 bln sale

Georgina Prodhan

Athens (Reuters) - Three days after closing the sale for close to \$4 billion of the business he started two years ago, Skype's chief executive and co-founder Niklas Zennstroem said on Monday it was back to business as usual. "We still have products to develop, customers to satisfy," Zennstroem told Reuters in an interview on the fringes of an industry conference in Athens. "We closed the deal on Friday. Now it's back to business."

Internet calling phenomenon Skype, started by Zennstroem, 39, and 29-year-old fellow Scandinavian Janus Friis in 2003, was bought by Internet auction house eBay last week for \$2.5 billion plus up to \$1.4 billion in performance payments. Some 59 million users are registered to use its Internet-based voice network -- the vast majority of whom pay nothing to "Skype" one another. Only calls to or from non-Skype customers -- and extra services -- are charged for. "The fact that most of our users are for free isn't a problem for us because they don't cost us anything," Zennstroem said, explaining how the company could still make money.

Many observers consider that eBay paid too much for the young company, whose revenues Zennstroem said were expected to be around \$50 million this year -- around 10 times last year's. Next year, he expects revenues of more than \$200 million. Asked whether he thought the price eBay paid too high at around 20 times estimated 2006 earnings, Zennstroem said: "I don't think so. We thought if we had waited another one or two years, we could have got much more." Zennstroem said he was confident of reaching the targets for revenue, profit and subscriber

growth that will trigger the extra payout from eBay. He declined to give details of what the targets were. "We set some objectives for 2008. It's a big challenge but I believe they're achievable," he said. Asked whether he would still be there by then, he answered: "That's my intention."

No sell out

Zennstroem denied he had sold out by allowing eBay to buy Skype -- some of whose users' attachment to the free-calls network borders on the ideological. "Some people were encouraged by us because we're a big European Internet company -- and now we're being bought by a U.S. company," he admitted. But he said eBay was well thought of and had promised Skype more autonomy than other suitors. "We checked with the user community. The feedback was positive. eBay has great respect among the Internet community."

"If we'd done it with Microsoft, they'd probably have had a point about selling out," he added. He declined to comment on whether the software giant, which is building its own online communications network, had approached Skype with a bid. Zennstroem said he was not surprised at Skype's success. "No. When we started Skype, our ambition was to create a very successful big company that would be generating billions of revenue," he said. "If you don't have a big ambition level, big expectations, you won't reach them."

Publication: SDA India
Date: 17.10.05



Skype Sees Microsoft, Yahoo, AOL as Main Threats

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Publication: Techwack.com

Date: 17.10.05

TechWhack :: Technology Blogs

Skype sees Microsoft, America Online and Yahoo! as challengers

The company which made VoIP usable and cool and the latest acquisition of the internet giant eBay, Skype has said that they see potential threat in their primary market coming from the biggies like Microsoft, America Online and Yahoo! Interestingly, Google is not mentioned in this comment considering they also launched a VoIP capable system and are said to be readying themselves for a ISP kind of role for American market.

Microsoft is being considered as posing the biggest threat to this service considering they have an ISP in place and have the resources to spend on getting in this market which is expected to one day replace the traditional telecom systems. Skype's Chief Executive and co-founder Niklas Zennstroem said in a statement: "I think the biggest threat to us is companies like Microsoft, Yahoo, and Time Warner's AOL, because their customer base is so big."

Microsoft acquired Teleo in August and Yahoo! acquired Dialpad earlier in the year to gain technologies to challenge the domination of Skype. Skype remains one of the hottest market leaders and is supposed to be gaining around 150,000 users per day. The total user base of the company is close to 54 million users. And with the resources of eBay, it can just manage to survive the growing challenge in their primary market.

Publication: The Globe & Mail

Date: 17.10.05

GLOBEANDMAIL.COM

Skype sees Microsoft as biggest VoIP rival

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Publication: The Inquirer
Date: 17.10.05



VCs gather to celebrate their gruesome feast

Some famed names gathered on the podium at the Etre conference to celebrate their successes. Their failures are rarely mentioned. The panel is Tim Draper from Draper Fisher Jurvetson, Roel Pieper from Favonius Ventures, Anne Glover from Amadeus and Maurizio Caio from TL Com Capital Partners.

Draper was asked why he wasn't more active with the investment in Skype. He admitted that he was wrong more than he was right. Bill Draper and the Mangrove guys put the money in. Roel Pieper, you will recall, was Tandem CEO, went to Philips and has been a VC for several years. He was asked why he was attracted to Russia and the Ukraine. There is, he said, a lot of very good research in very good universities and while many were flying to China, Favonius said Eastern Europe might be Europe's last chance, because these countries wanted to change. Russia is easier than China.

Caio said there's been a lot of attractive exits for non US ventures. The proportion of successful exits versus the US showed that in the last three years one third of the exits were European. IPOs are only a marginal part of the exits but the European exits were good exits. A US exit is not necessarily the best exit. If you go on NASDAQ you don't necessarily make a lot of money. The best IPOs in terms of pricing are not NASDAQ. This was a little complicated, but Caio was essentially saying that only great companies made great exits.

Glover, from Amadeus, claimed that European VCs were changing their attitude and building a company wasn't dominated by finance. She said that while there was a large number of VCs many of whom were inexperienced, that was changing and would give way to a smaller but more skilled community.

Draper said the reason his firm didn't talk to European investors and part of the problem was the European Union. Draper said that all the laws from all the different countries was a bit of a hassle. Draper said Skype is a bellwether for a lot of European small companies, and people were dancing in the street when the Ebay deal was announced. Success in one country encourages other entrepreneurs.

We wonder how many small companies are filtered through the VC community and fail to bud or bloom, however good their technology is.

Publication: The Inquirer

Date: 17.10.05



Philips man predicts death of lightbulbs as LEDs win

Phillips Semi CEO Frans van Houten agrees with Intel that the semiconductor industry provides the bricks or building blocks for everything that happens in the IT industry. But more controversially, the lightbulb manufacturing will shortly disappear to be replaced by solid state LEDs. Van Houten also stressed the importance of continuing to invest in semiconductors, particularly in Europe.

At the Etre conference, he said that while people took bricks for granted, they underlaid the world economy. Semiconductors, he said, were vital to the European project for the community to compete in the global market. Philips isn't a company from the last century but one for this century, he said. Van Houten is also a member of the European Semiconductor Industry Association. The European semi industry faces some real challenges from Asia, he said.

The worldwide industry is worth 213 billion a year and is the underlying resource for practically all other areas, including telecoms, Internet, and Broadcast. Semiconductors represent 10 per cent of worldwide GDP, he said. Advances in miniaturisation, embedded software and MEMS technology are happening with great speed and these will make the role of semiconductors more visible. Solid state lighting is a good example of future trends. An entire industry producing lightbulbs will vanish in favour of LEDs which will be able to match the colours of furniture or even clothes. Philips has woven LEDs into cushions and into fabrics. You can send an SMS to a light emitting cushion with the message I love you.

Test tubes will be replaced by MEMs technology, van Houten said. Biosensors will be able to detect chemicals in the human body and indicate disease. The biosensors will be connected to PDAs and cellphones, so people with chronic diseases will be monitored at home. He said that 15 years ago in Europe the microelectronic industry wasn't doing well, but now it has three firms in the top 10 – Infineon, ST Micro and Philips. This is because of heavy investment from both private firms and governments. But Europe's own semiconductor business will have to compete with future trends including nanoelectronics. Nanotechnology will require much more investment.

IT is still important to EU governments, according to the Lisbon accords, but van Houten said we need action, rather than just commitment. Doing research consumes about 20 per cent of all sales revenue of the average semiconductor company. Philips spends an annual one billion on research, of which 80 per cent is still spent in Europe. He said European worked an average of 1,300 hours a year compared to 2,000 hours in Asia. Europe, he said, would do well to return to the 40 hour week. Two million Chinese graduate as engineers in China a year, and a further million in India. And these engineers are equally competent compared to European and US engineers, said van Houten.

Philips feels the dilemma keenly, and because it's a global business with 60 per cent of sales in Asia, it needed to match its shareholders' future expectations in line with the realities. As a member of the European Semiconductor Industry Association, van Houten said Europe needed more tax breaks, more investment, policies to create high tech communities and much less red tape. Europe needs a strong R&D base and changes to labour laws. Europe can survive

in the semiconductor business because while machines may be made in Asia, a lot of the content originated in Europe.

The firm turned in another profit today, he said. Philips has absolutely no plans to spin off its semiconductor business as a separate unit. Philips wasn't bureaucratic and was well able to adapt to changes in the industry, van Houten said, responding to questions from Alex Vieux, the Etre top man.

Publication: The Inquirer
Date: 17.10.05



Freescale CEO predicts cancer cell monitoring chips

Mike Magee

While Phillips Semi is not being spun off, next up was the CEO of Freescale, spun off by Motorola and a firm worth billions of dollars. Michel Mayer, CEO of Freescale, opened his keynote at Etre by giving some background to the division. Formerly Motorola Semiconductors, Freescale had an IPO for 30 per cent, and last December Motorola returned the remaining 70 per cent to its shareholders. The firm is now 100 per cent independent, he said, has 24,000 employees in 30 countries, 4900 patent families and works in a heap of embedded applications.

Mayer gave some predictions as to how semiconductors could change the world during the next 10 years. In 10 years it may be possible to use semiconductor tech to monitor peoples' cells to give early warning of diseases such as cancer, said Mayer. The ability to monitor vital signs such as heart rates and the like is more or less already here.

The largest chunk of Freescale's business is the automotive sector, where it's number one and works with the top 10 companies in that field. Freescale is helping to work on prototypes of the autonomous car using semiconductors, smart power devices and other features. In a few years various systems and sensors will be combined to produce the autonomous car, which will be much safer.

The semiconductor content in cars is growing by around 10 per cent as high end features migrate into low end cars. Freescale is also working with manufacturers on greener cars. In the home, perhaps somewhat more prosaically, we'll see washing machines using semiconductors to distinguish between light clothes and dark clothes, while power drills and other tools are incorporating embedded chips.

Over 60 per cent of electricity in the world is consumed by electric motors and chips in there can improve energy efficiency by as much as 50 per cent, said Mayer. The World Cup 2006 will probably be the first practical test of getting videos on phones, while Freescale is at the forefront of UWB tech, said Mayer. He said unlike Intel and AMD, Freescale is concentrating on low power consumption devices. We reckon Intel would love to have a much bigger chunk of this \$8 billion embedded market.

Publication: The Inquirer

Date: 17.10.05



SAP says jury still out on Oracle buys

Leo Apotheker, president customer solutions at SAP said it was still unclear whether the money Oracle had spent would end up paying dividends. Apotheker said that SAP is in its quiet period but when its results come out on Thursday, they will speak their own tale.

By which we suppose he means that SAP is going to show that everything is just AOK. He said there's a difference between talking and doing.

SAP has an image of dealing only with big companies, but it actually deals with 32,000 companies – they're obviously not Fortune 500 companies, he said. SAP said it's close to getting to its target of 37 per cent of its business being sold to small and medium businesses. Apotheker claimed SAP has a complete spectrum of products but it's not competing against Navision from Microsoft or Oracle, but against hundreds of small software companies. This, he said is a market that's waiting to be consolidated. In this sector SAP is bigger than Microsoft and far bigger than Oracle

Publication: The Inquirer

Date: 17.10.05



Indian labour will remain cheap in medium term

Mike Magee

A panel of firms discussed the direction outsourcing in India is taking, and it seems that more jobs at higher levels can easily be undertaken in the country. But because of the massive pool of people in India, wage inflation isn't likely to happen in the medium term, and outsourcing firms will shift to different centres of population to maintain low wages.

The panel consisted of Ramanathan Ramanan, CMC; Pramod Bhasic, Gecis Global; Ramalinga Raju, Satyam Computer Services; and Michael Cannon, Solectron. There seems to be a move up the chain, according to the panel. R&D is already pretty common in India, and IP creation is now a possibility in India.

Engineers graduating from Indian universities have been used far less than their academic background deserves. The business model of outsourcing is changing, and there is now joint IP creation and joint marketing efforts. As companies find more and more services available, customers are choosing what they can outsource. Much can be done at locations outside of headquarters. Satyam said that if it stays in the commodity business it can't make money, but if it

can provide generic services, it means it can achieve more profitability. It wants to blend its activities so it can become a place where its customers can get everything.

Wage inflation will happen in India, but even so companies can make 50 per cent savings by outsourcing to India, the panel said. As the Indian firms tap into a wider base of talent across the country, they can reduce labour costs. The population pools in India and China are massive and the pools will be long lasting, but in the medium term it won't be a problem.

Publication: The Inquirer
Date: 17.10.05



Will Satyam take over Accenture?

Mike Magee

A very tricky question for B. Ramalinga Raju, founder and chairman of Satyam, Indian giant who answered it through non-answering.

Asked my main man Alex Vieux whether Satyam had considered buying Accenture, or would buy Accenture, he seemed to hedge his bets. Satyam wanted to approach the market by improving its own competencies. This is a near to we won't comment answer as we've ever heard in all of our long days.

No definite ji nahin here from Shri B. Ramalinga Raju. Accenture is sponsoring the lunch in just a few minutes. Wonder whether it will have anything to say about the possibility? Asked how much he paid an Indian software engineer, he confirmed that an entry level engineer was paid a tenth less than an equivalent job for a US engineer.

Publication: The Inquirer
Date: 17.10.05



Truffle snuffle yields treasure trove in Greece

Mike Magee

We had lunch with the very charming Bernard-Louis Roques, directeur general of Truffle Venture, based in Paris. And the story of how Bernhard-Louis got together with his partner and how it got its name is most interesting. For he has a truffle farm in France and met his partner in his capacity as a VC for a well known large organisation. What joined them in communion? Chatting

about high tech, they realised they had something in common – both had truffle farms in different parts of France. And in this common interest Truffle Venture was formed.

True truffles are grown in France, Italy and Spain, although Bernhard-Louis explained there were Chinese truffles but compared to the real thing they are flavourless little morsels. As educated INQ readers know, truffles are fungal parasites of trees and are discovered by specially trained dogs and sometimes pigs which snuffle out the truffle.

Certain interested parties in L'Etats Unis would like to reproduce the production of truffles, which cost 2000 Euro a kilo, no small sum for a tasty morsel. So, Bernhard-Louis explained, eight years ago a chunk of land, about a kilometre long, 200 metres wide, and a couple of metres deep, was shipped out to the US to see if the parasite could be grown there.

All went well at first, and there was a sprout of truffles the first year after, but after that the experiment could not be repeated. Because his main job is as a VC, B-L consumes his share of the truffles when the season arrives in February and March. Which makes, by our reckoning, for the only \$500 omelette in the world.

It's certainly a tale, but not a tall one. B-L said that he was instructed not to sit next to anyone from the INQUIRER, but he took the risk. Now that's what we call a venture.

L'INQ
[Truffle Venture](#)

Publication: The Inquirer
Date: 17.10.05



Qualcomm predicts phone will be person's only computer

Mike Magee

Qualcomm's chairman Irwin Jacobs said today that today's and tomorrow's phones and PDA matched the power of a Pentium III PC just a few years ago. And he forecast a time when people wouldn't have more than one computer, and that computer would be a mobile phone. More and more capabilities of the chips in a handset are being used for GPS, for cameras, for media, and for supporting DVD style video. And that will grow in the future, he said. "The key is making a handset indispensable," he said. If you compare a phone of today with a PC of a few years ago, the memory and processing power is equivalent to a Pentium III running at 550MHz, he said.

While the storage capabilities of a phone versus a computer aren't quite there yet, he said that would change in time as Moore's Law kicked in to the equation. Other higher capacities of bandwidth in the future would help to shift the movement towards mobile phones rather than PCs. Games, video, and the rest were all eminently suitable for the mobile phone.

We're not typing this on a mobile phone, however. It's still a little too small for our clunky fingers and the screen size yet isn't big enough. And when the screen is big enough and the keyboard is good enough, what difference will there be between that kind of mobile phone and a thin and light PC, the type we're using? If such things do arrive, we probably won't care that much whether it's got an Intel chip, an AMD chip or any other kind of chip, just as long as it lets us communicate successfully.

Larger screens with lower power consumption and the ability to view full colour in broad daylight were on the way, and downloadable interfaces for graphics user interfaces. Jacobs said that one problem was loading the cellular networks but it was licensing high power channels to partially overcome these problems. Most metropolitan districts in the US would be able to supply video on demand by the next of year, said Jacobs.

Intel has made little progress, said Jacobs, but has made great effort to stay in the market, particularly with WiMax. CDMA was able to break into a world that was TDMA by having a significant capacity advantage. If you come in with a new technology, it's unclear where that opening may be, said Jacobs.

We used this notebook to call around when we were at Computex in Taipei earlier this year, using wi-fi and Skype and a price that thrashes the mobile phone tariffs. What price mobile phones then? Or notebook computers when they practically do the same?

Publication: Web Pro News
Date: 17.10.05



Skype Feels Threatened By Microsoft, AOL, Yahoo

John Stith

Internet phone-calling phenomenon Skype, which was bought by online auction company eBay Inc. for almost \$4 billion last week, said it sees computer giant Microsoft as one of its biggest potential rivals.

"I think the biggest threat to us is companies like Microsoft, Yahoo and Time Warner's AOL, because their customer base is so big," Skype's Chief Executive and co-founder Niklas Zennstroem told a conference on Sunday.

Microsoft bought Teleo in August and Yahoo bought Dialpad earlier in the year in efforts to catch up with Skype's lead in the booming voice-over-Internet-protocol market. VoIP innovator Skype called out Microsoft, MSN and AOL as threats to their future, suggesting these companies all have real potential to do Skype harm. The VoIP company was recently purchased by eBay and has been attempting to make in-roads in to the U.S. market.

[Search Engine Journal](#) picked up on this statement earlier today and commented the peculiarity of Skype not mentioning Google since Google just launched a VoIP capable system and are preparing themselves for some type of internet service. They quoted Skype CEO Niklas Zennstroem saying, ""I think the biggest threat to us is companies like Microsoft, Yahoo, and Time Warner's AOL, because their customer base is so big."

Microsoft was identified as the largest potential threat because of the weapons they possess, like their own ISP and companies like Teleo. Yahoo and AOL have the same potential. All this comes on the heel of the completion of eBay's acquisition of Skype last Friday. The deal was completed for \$1.3 billion in cash and 32.8 million shares of eBay stock.

Publication: ABC Money
Date: 18.10.05



Skype chief fears Tech giants

Things are certainly looking up for VoIP call provider Skype; but the company's ambitious founder and CEO Niklas Zennstrom seems to be looking at some future horizon and seeing potential threats from giants like Microsoft, Yahoo and AOL.

The company which was last month sold to California-based auction house eBay fears competition from technology majors that have huge resources and more importantly, huge databases of users. eBay acquired Skype for \$2.6 billion in cash and stock. With the deal Skype has also gained access to eBay's 161 million registered users.

There is no doubt that each of the tech firms (including Skype) are interested in getting the bigger piece of the VoIP pie. Companies like AOL, Google and Yahoo already club voice chat with their instant messenger service. Some have even confirmed their intention to venture into the VoIP market; and feel confident that their brand value and large databases would ensure a ready market for their product.

However Zennstrom's worries seem a bit too premature as by the time the giants step into the arena, Skype would have grown with eBay's resources behind it. It could then be a more level playing field than Zennstrom imagines. Additionally, analysts expect a huge growth in e-commerce applications using voice which could further spur eBay-Skype's business with more traffic.

The Luxembourg-based entrepreneur is pleased with the acquisition by eBay. He said the parent company was known for nurturing its acquisitions and giving them enough freedom to pursue business independently. Some of eBay's services will be integrated with Skype which will continue to partner with other tech firms.

The company which some years back no venture capitalist wanted to touch has helped pioneer free Internet phone calls and grown from strength to strength. Last month, it added personalized ring tones, pictures and sounds for members besides upgrading its software. It soon made great strides by offering free call forwarding to landline and mobile phones.

Publication: Bloomberg
Date: 18.10.05

Bloomberg.com

SAP May Post Profit Rise; Takes Clients From Oracle

SAP AG, the world's largest maker of business-management software, says tomorrow's third-quarter earnings will show the German company is winning the battle for U.S. customers against Larry Ellison's Oracle Corp. "The figures will substantiate our claim that we are outpacing Oracle", SAP management board member Leo Apotheker told reporters at a business conference in Athens on Oct. 17. "We are doing a good job, we're focusing on our customers."

Net income at the Walldorf-based company probably rose 14 percent to 331 million euros (\$398 million), according to the median estimate of 14 analysts in a Bloomberg survey. License revenue, an indicator of future growth from services, probably gained 13 percent, led by a 25 percent jump in U.S. sales. Oracle on Sept. 22 said quarterly license sales gained 12 percent.

SAP this year won contracts from Samsonite Corp. and JPMorgan Chase & Co. and is gaining market share after introducing discounts. The company is also hiring an additional 4,500 people to sell and develop software that helps customers manage tasks including payroll and accounting. Oracle, by contrast, is spending \$18 billion on acquisitions this year to narrow the gap with SAP.

"Oracle is trying to close the gap with purchases, but they still have a long way to go" said Ioannis Papassavvas, who helps manage about \$65 billion at Deutscher Investment Trust in Frankfurt, including SAP shares. SAP is "winning market share in the U.S., which will continue to be the growth driver."

Market Share

SAP's share of the market for business-management software will probably rise to 43 percent this year from 40 percent in 2004, while Oracle's share may drop to 19 percent, according to Boston-based AMR Research Inc. At least 28 companies running programs now owned by Oracle have switched to SAP this year, lured by a promise of lower maintenance costs and a longer product lifespan, according to estimates supplied by SAP.

Oracle spokesman Bob Wynne said the company had no comment. SAP releases earnings at about 7 a.m. local time. Chief Executive Henning Kagermann, 58, will host an analyst call at 3 p.m. Kagermann, who earned 3.1 million euros in 2004, wasn't available for an interview, spokesman Tony Roddam said.

SAP, whose clients include Home Depot Inc. and Porsche AG, beat analysts' projections in four of the past six quarters. Shares of SAP are up 10 percent this year, trailing the 17 percent gain of Germany's benchmark DAX Index, and trade at 30 times expected earnings per share. Shares of Redwood City, California-based Oracle, which trade at 15 times estimated earnings, have lost 10 percent so far this year.

German Woes

In the second quarter, SAP's profit missed estimates as software sales in Germany shrank a more-than-expected 13 percent. Clients delayed purchases ahead of last month's German federal elections and SAP had changed its regional sales force.

Goldman Sachs Group Inc. analyst Mohammed Moawalla predicts SAP's license sales in Germany slipped 11 percent in the third quarter as the country remains a "source of concern with election uncertainty" Moawalla rates SAP "outperform."

SAP in July reiterated it expects license sales to rise 10 percent to 12 percent this year. Some analysts had forecast the company would raise that target. SAP also stuck to a forecast that its operating margin, or earnings before interest and tax as a percentage of sales excluding some costs, will be unchanged or 0.5 percentage point higher in 2005 as its steps up spending. Of the 42 analysts tracked by Bloomberg covering SAP, 23 rate the stock a "buy" and seven advise investors to sell the stock. Twelve recommend investors "hold" the shares.

Oracle Battle

Oracle last month reported fiscal first-quarter software license sales that fell short of analyst estimates. Ellison, 61, this year made acquisitions including the \$10.6 billion purchase of Pleasanton, California-based PeopleSoft Inc., to bolster his business-management offerings and cut reliance on database license sales. Database licenses account for 80 percent of new business.

SAP in January started an incentive program aimed at winning customers from Oracle and the competitors the U.S. company has since acquired. Oracle retaliated with a similar discount plan. "SAP can still gain further market share in an environment characterized by expanded IT spending and struggling competitors," said Ulrich Trabert, an analyst at Metzler Equity Research in Frankfurt, who advises investors buy the shares.

Oracle was more profitable than SAP in the companies' latest quarters. The U.S. company had an operating margin of 27.1 percent in the fiscal first quarter ended Aug. 1. SAP's operating margin in the second quarter ended June 30 was 22.8 percent.

Publication: Financial Times Deutschland

Date: 18.10.05



Der Branchenschreck

Matthias Lambrecht, Athen

Bewährt sich Skype-Gründer Zennström unter dem Dach der neuen Mutter Ebay, könnte er bald noch reicher werden. Die Skype-Gründer, Niklas Zennström (l.) und Janus Friis gründeten auch schon die Tauschbörse Kazaa

Er steht ungern im Rampenlicht. Vielleicht bleibt Niklas Zennström deshalb im Halbschatten neben dem Rednerpult, als er vor IT-Managern auf der Branchenkonferenz Etre in Athen spricht. Das Thema sind seine Erfahrungen als Unternehmensgründer.

Doch der scheue Enddreißiger ist der neue Star der IT-Gemeinde. Sein Unternehmen Skype gibt es noch nicht einmal zwei Jahre. Gegründet hat es der Schwede Zennström zusammen mit dem Dänen Janus Friis. Heute besitzt Skype bereits mehr als 60 Millionen Kunden, die mit der Gratissoftware über das Internet rund um die Welt telefonieren. Damit ist Zennström der Schrecken der alteingesessenen Telekomkonzerne geworden, die um ihr Kerngeschäft fürchten. Und mit seinem Anteil an den 2,1 Mrd. Euro, die das Internetauktionenhaus [Ebay](http://www.ebay.com) [</ticker/US2786421030.O>](http://ticker/US2786421030.O) für sein Unternehmen gezahlt hat, ist er ein wohlhabender Mann.

Lange gefeiert hat Zennström die Übernahme nicht. Nur ein Gläschen Champagner am Firmensitz in London, dann wurde weitergearbeitet. "Wir haben nie daran gedacht, Skype zu verkaufen, die Büroschlüssel abzugeben und zu gehen", sagt er. Nur nicht arrogant werden - das sei gegenwärtig die größte Gefahr für das Unternehmen, dessen Mitarbeiterzahl sich binnen weniger Monate auf mehr als 200 verdoppelt hat. Zennströms Ziel ist ebenso klar wie ehrgeizig: "Wir wollen das größte Online-Kommunikationsunternehmen der Welt werden." Ebay-Präsidentin Meg Whitman mit Skype-Chef Niklas Zennström

Das muss er nun als Angestellter von Ebay schaffen. Ausschlaggebend für den Schritt zum Verkauf sei die weitgehende Unabhängigkeit gewesen, die Ebay-Chefin Meg Whitman den Skype-Gründern garantiert habe, sagt Zennström. Ihr und den Ebay-Aktionären muss er nun zeigen, dass sein Baby die Milliarden wert ist. Wenn es Skype gelingt, die im Übernahmevertrag festgelegten Ziele zu erreichen, wird der Kaufpreis bis spätestens 2009 auf 3,8 Mrd. Euro aufgestockt.

Viel Geld für ein junges Unternehmen, das im laufenden Jahr gerade mal 60 Mio. Euro umsetzen dürfte und noch keinen Cent Gewinn erwirtschaftet hat. Doch Zennström rechnet mit steilem Wachstum: 200 Mio. Euro Umsatz hat Skype für das kommende Jahr angekündigt, dabei soll das Unternehmen erstmals profitabel sein. Die dreistelligen Zuwachsraten will er in den folgenden Jahren dank neuer Dienste noch steigern. Dann könnte der Umsatz bis 2009 die Milliardengrenze überschreiten.

Ein Marktplatz rund um Skype

"Wir werden einen Marktplatz rund um Skype schaffen", sagt Zennström. Zu den künftigen Umsatztreibern zählt er vor allem Pay-per-Call. Dabei wird das Erfolgsmodell der Internetanzeigen auf das Geschäft mit dem Telefonieren per Internet übertragen: Skype kassiert von Unternehmen für jede per Mausclick hergestellte Telefonverbindung ihrer Kunden. Die mit täglich 150.000 Nutzern schnell wachsende Gemeinde wird als Zielgruppe für Werbungtreibende

immer attraktiver und so zur Geldmaschine für den Anbieter der Gratissoftware. Neue Dienste vom Horoskop bis zur Echtzeitübersetzung von Telefongesprächen könnten bald hinzukommen.

Doch mächtige Wettbewerber wie Google und Yahoo, AOL und Microsoft bieten ihren Nutzern inzwischen die Möglichkeit, online zu telefonieren. "Wir haben die Riesen aufgeweckt", sagt Zennström. Nun muss sich zeigen, ob der Newcomer bestehen kann.

Publication: Mathaba Net

Date: 18.10.05

Mathaba.Net

Skype's Zennstroem back to work after \$4 billion sale

Athens (Reuters) - Three days after closing the sale for close to \$4 billion of the business he started two years ago, Skype's chief executive and co-founder Niklas Zennstroem said on Monday it was back to business as usual. "We still have products to develop, customers to satisfy," Zennstroem told Reuters in an interview on the fringes of an industry conference in Athens. "We closed the deal on Friday. Now it's back to business."

Internet calling phenomenon Skype, started by Zennstroem, 39, and 29-year-old fellow Scandinavian Janus Friis in 2003, was bought by Internet auction house eBay last week for \$2.5 billion plus up to \$1.4 billion in performance payments. Some 59 million users are registered to use its Internet-based voice network -- the vast majority of whom pay nothing to "Skype" one another. Only calls to or from non-Skype customers -- and extra services -- are charged for.

"The fact that most of our users are for free isn't a problem for us because they don't cost us anything," Zennstroem said, explaining how the company could still make money. Many observers consider that eBay paid too much for the young company, whose revenues Zennstroem said were expected to be around \$50 million this year -- around 10 times last year's. Next year, he expects revenues of more than \$200 million.

Asked whether he thought the price eBay paid too high at around 20 times estimated 2006 earnings, Zennstroem said: "I don't think so. We thought if we had waited another one or two years, we could have got much more." Zennstroem said he was confident of reaching the targets for revenue, profit and subscriber growth that will trigger the extra payout from eBay. He declined to give details of what the targets were. "We set some objectives for 2008. It's a big challenge but I believe they're achievable," he said. Asked whether he would still be there by then, he answered: "That's my intention."

No sell out

Zennstroem denied he had sold out by allowing eBay to buy Skype-- some of whose users' attachment to the free-calls network borders on the ideological. "Some people were encouraged by us because we're a big European Internet company -- and now we're being bought by a U.S. company," he admitted. But he said eBay was well thought of and had promised Skype more autonomy than other suitors. "We checked with the user community. The feedback was positive. eBay has great respect among the Internet community."

"If we'd done it with Microsoft, they'd probably have had a point about selling out," he added. He declined to comment on whether the software giant, which is building its own online communications network, had approached Skype with a bid. Zennstroem said he was not surprised at Skype 's success. "No. When we started Skype, our ambition was to create a very successful big company that would be generating billions of revenue," he said.

"If you don't have a big ambition level, big expectations, you won't reach them."

Publication: Reuters
Date: 18.10.05



RealNetworks mulls buys after Microsoft payout

Georgina Prodhan

Athens (Reuters) - Internet media software company RealNetworks is mulling more acquisitions after receiving a \$761-million payout from Microsoft Corp. to settle an antitrust case, its chief executive said on Tuesday. "Our two growth businesses have been music and games so if you could do acquisitions that accelerate that I wouldn't rule it out," Rob Glaser told Reuters in an interview on the fringes of a tech conference in Athens.

"This is a business where there are many kinds of opportunities," he said, declining to elaborate on specifics of any potential acquisition targets. Software giant Microsoft agreed a week ago to pay RealNetworks \$460 million in cash and to invest \$301 million in promoting RealNetworks' Rhapsody online music subscription service on Microsoft's MSN website. RealNetworks had sued Microsoft almost two years ago, saying Microsoft's decision to bundle Windows Media Player for free within the Windows operating system was an abuse of its market dominance and had harmed RealNetworks' sales.

Rob Glaser -- a former protege of Microsoft founder Bill Gates before he left to start his own company, built his business on the RealPlayer software for playing video and audio on computers -- a rival to Microsoft's Media Player. In response to the Microsoft competition, RealNetworks shifted toward online music and games, buying PC games firms GameHouse and Mr Goodliving after acquiring listen.com -- the company that brought it the Rhapsody service -- in 2003.

Glaser said, however, he was in no rush to buy more companies, despite the Microsoft cash that he said would boost RealNetworks' cash and equivalents to above \$800 million by the end of the year -- more than twice last year's sales. "I'd rather do four acquisitions that work than do eight, six of which work," he said. "We'd probably look at more opportunities now but I couldn't predict that the velocity will increase." He said he was not currently in any talks with Steve Jobs, chief executive of Apple Computer Inc., which dominates the online music business with its wildly popular iPod mobile music player and iTunes software.

"Right now it's a dormant stage in that relationship." Glaser added he was ready to put aside rivalry with Microsoft to make the new cooperation, which will also give RealNetworks access to Windows technologies to enhance the RealPlayer software, work. "We're sincere about wanting a collaborative relationship with Microsoft," he said.

Asked whether he could imagine ever returning to Microsoft, Glaser said: "I think I enjoy working for a company of a size big enough to get things done but that's still nimble."

Publication: Silicon.com
Date: 18.10.05



Skype's Zennström: 'Our biggest threat is Microsoft et al'

Internet phone-calling phenomenon Skype, which was bought by online auction company eBay for almost \$4bn last week, said it sees computer giant Microsoft as one of its biggest potential rivals.

Skype chief executive and co-founder Niklas Zennström, one of silicon.com's [Agenda Setters](#), told a conference on Sunday: "I think the biggest threat to us is companies like Microsoft, Yahoo! and Time Warner's AOL, because their customer base is so big."

Microsoft bought Teleo in August, and Yahoo! bought Dialpad earlier in the year, in efforts to catch up with Skype's lead in the booming voice over IP (VoIP) market. Luxembourg-based Skype offers free computer-to-computer calls between Skype users. It charges for calls made from or to numbers outside the network. The company has quadrupled in size over the last year and is adding 150,000 users per day. It now has 54 million users. eBay is paying \$2.5bn for Skype - plus another possible \$1.4bn if certain targets are met - which will allow it to add free web telephone calls to its online auctions, smoothing the way for more deals to go through.

Zennström said he had thought long and hard about the sale to eBay and had talked to other potential buyers as well as considering an IPO before plumping for eBay, which promised Skype the most autonomy. Referring to the online payment company eBay bought in 2002, Zennström said: "eBay had a good record, especially with PayPal. They don't want to disintegrate the company. They'll nourish it and allow it to grow."

Zennström confirmed he had talks with Rupert Murdoch's News Corp before deciding to go with eBay. "We had meetings with a lot of companies. We met with News Corp, yes," he said. Zennström said he saw growth possibilities in facilitating such services as live online translation. He said: "I'm convinced that over time pretty much all voice communication will be over the internet. "Our objective is to change the way people communicate. In a few years' time the idea of paying for phone calls will seem very strange."

Publication: TG Daily
Date: 18.10.05



RealNetworks may go shopping for acquisitions

[Reuters is reporting this afternoon](#) that RealNetworks CEO Rob Glaser told Reuters he would not rule out the possibility of using some of the \$478 million in settlement money his company just received from [Microsoft](#), to make some acquisitions.

"Our two growth businesses have been music and games so if you could do acquisitions that accelerate that I wouldn't rule it out," Rob Glaser told Reuters in an interview on the fringes of a tech conference in Athens.

"This is a business where are many kinds of opportunities," he said, declining to elaborate on specifics of any potential acquisition targets.

Publication: The Inquirer
Date: 18.10.05



3G Princess defends pricey content palace

The President of Hutchison Whampoe fought a rearguard action at the last roundtable of the Etre event here today, claiming that 3G will take on upstarts like WiMAX and wi-fi, and win.

Connie Wong, president of Hutchison Whampoa, said that people came to talk to her company about wi-fi and about WiMAX but she didn't want to know about it. She said: "If you built a palace would you rent it to people for \$1000 a month?" WiMAX has no roaming abilities and Hutchison W is a media company now rather than just an operator. She said: "Four years ago no one talked about media but now everyone is talking about media because 3G has the network. " Despite the fact that the operators had spent billions investing in 3G networks, there was still a lot of room in the market to expand. She said the data component of 3G useage added up to around 10 per cent worldwide. "3G is not a myth," she said. "It's a reality."

Wong wants people to view her company as a mobile Comcast, providing all sorts of content including sports, news and adult content. But another panelist, Bill Barhydt, of Sennari, thought the palace metaphor wasn't going to work for the operators. "The carriers are really screwed in the long term. We will see proliferation of wi-fi and WiMax phones that will go Skype to Skype across the campus. People care about price and experience but people don't care whether it's WiMAX or 3G being commoditised and it's all going to go to zero," he said.

Ken Blakeslee, from Web Mobility Ventures, thought differently. He said: "Wi-fi is a road warrior technology. Content and entertainment is all consumer driven and then taken up by the enterprise. Wi-fi isn't a real threat to the operators, their real challenge is how to make use of the existing technology." But he also said that the operators had overpromised and described those attractions as a "boulevard of broken dreams".

Publication: The Inquirer
Date: 18.10.05



Open Source luminaries claim software is like art, literature

Four Linux luminaries came together at a roundtable here to discuss where Open Source was. And where it was going. The panel consisted of Marten Mickos from MySQL, Marc Fleury of Jboss, Juergen Beck from SuSE Novell, and Eero Teerokopi. The panel was asked to rebut a statement by Microsoft that Linux was harder to support. Juergen Beck, chief technology officer at SuSE Novell, said that these Microsoft allegations could all be rebutted, and it was just getting the word out. Marc Fleury from Jboss said that there had been an explosion of open source investments from venture capitalists. And that, he said, was good. The profitable part is support and maintenance and there's no profit in the licence. If you have a distribution mechanism that allows you to do your sales and marketing at a very low cost you can do away with models that require a licence.

Fleury said Open Source firms can sustain profit and loss without the high costs of sales and marketing. Marten Mickos from MySQL said that it's too early to draw far reaching conclusions about the business model. Open Source is a production model. Juergen Beck from SuSE said that many of the Open Source programmers are hired by other companies like Symantec, Intel and others, so Open Source firms like his don't necessarily have to put too much energy into developing code up front. Marten Mickos from MySQL said the new GPL will take better care of patent matters, which is complicated. GPL3 may say that if you only distribute the compiled code, you may have to acknowledge the GPL. He said he wouldn't count on GPL3 happening in 2006.

Fleury said Jboss is using the lesser GPL, the library version. Jboss doesn't monetise the licence but sells a subscription. Jboss is lobbying the FSF, although he said you can't lobby the FSF really. Notwithstanding Stallman's political convictions, the spirit is clear, said Fleury. Jboss wants the FSF to clarify the language which may frighten large corporations.

Juergen Beck, on this subject, said that licensing is a means to an end. If you want to build a business and protect your IP you might have different objectives. GPL has an infectious nature he said, but the advantage is that it makes very competitive firms cooperate with each other.

Marten Mickos from MySQL said that software patents cause havoc and that it's not like mechanics. He said that software development should be viewed like literature and art. MySQL has nine patents in its pocket but he said his firm keeps those just like a smoker keeps a lighter in his pocket to be sociable with others. Marc Fleury from Jboss said he was kind of pro-patents, even though his firm is a member of the nosoftware movement. But he said patents aren't used to protect your business but in an aggressive, litigious way. He said Jboss is very happy with what Florian Mueller did, but there's still some way to go. Some people are calling for a reform of the patent system and a fast way to challenge a patent that's been filed. Beck said that people who

just own patents without products can cause legal cases which can destroy companies. He agreed that patents should be applied to widgets and not to things like human genomes. Billions of years of evolution shouldn't be owned by some lawyers. Patent law should be put into context. This was a matter that governments should legislate on, because the bad use of patents could bring down large elements of the IT industry. Fleury said that patents in themselves are not evil, and it's not about morals.

Publication: The Inquirer
Date: 18.10.05



Solectron CEO warns against over reliance on China

One of the giants of outsourced manufacturing has warned that it's wise not to put all your eggs into the Chinese basket. Solectron, which is a \$10.5 billion dollar company, said that spiralling wage costs in China meant it was considering investing in other Asian countries. He didn't say whether the 12,000 workforce there would be affected or not.

India, Vietnam and Malaysia are all areas Solectron is considering, said Michael Cannon, CEO of the company. It already has 500 staff in India but is ready to hire more people there. He said: "Low labour costs should not be the mantra for companies because making mistakes can cost millions".

Firms which use manufacturing outsourced services should also be aware of what Cannon termed the Priceberg. While labour and plant costs were above the waterline, he said that hidden costs could destroy margins and cause other problems for firms using manufacturing outsourcing. And while companies with short life cycle products could be effective in bringing such products to market, the biggest problem they had was manufacturing end of line movements, which could create secondary markets and destroy the profits they'd made when products were introduced.

Without naming names, Cannon said he'd seen lots of examples where large global multinationals lost money at the end of a product's life. Firms needed to ensure they didn't run up huge buffer inventories during the process of bringing product to the marketplace to avoid what he described as a nightmare. Cannon also hit out at the increasing tendency in the US not to reward executives with stock options. He said that approach was "180 degrees incorrect". Indeed, he said, while many American companies were moving away from offering stock options, their Asian competitors were taking the opposite approach and adopting compensating their staff with stock.

Solectron has just picked up Wyse as a partner. It competes with other firms such as Celestica, but Cannon claimed his balance sheet was healthier than theirs.

Publication: The Inquirer
Date: 18.10.05



US-French truffle wars break out

A furious reader who read our story yesterday about US attempts to import truffle technology from France has lit out and claimed Oregon truffles are as good as anything from Europe.

See [Truffle snuffle yields treasure trove in Greece.](#)

Reader Franklin Smith, who says that to trifle with a truffle is to trammel tranquil essence, has written articles for the North American Truffle Society. He told the INQ that the reference to the lack of truffles in the US is slanderous and totally false. Although we're not quite sure how you can slander a truffle. He said that there are mycological societies all across the country and points us to a story by Dr Lefevre of Oregon State University who, he says, is a world leader in the study of Mycology.

The good Doctor's article about Mycology is [here](#).

Publication: The Inquirer
Date: 18.10.05



MySQL wants to be the Ikea of databases

The CEO of MySQL said that he wanted his firm to be the Ikea of databases, and also confirmed the firm wishes to go public. Marten Mickos, CEO of MySQL, said that there are 40,000 downloads of product every day, and that he wanted to turn his database into a commodity. But he admitted that the overwhelming majority of those downloaders "are tourists", Mickos said, rather than serious people who were going to pay. He may want MySQL to be the equivalent of Ikea, but, said Mickos, building databases are like making Swiss watches and you can't expect to make quick bucks from this kind of product.

It is services companies make money quickly on top of applications like databases, he said. The Internet would not have happened without open source, but he admitted that without the Internet the success of MySQL wouldn't have happened.

He hopes there will be a point in time when MySQL will be publicly traded, but its ambition for the company is not for it to be bought, he said. But, he said, he was just a hired man and his job was to build the company up.

Publication: The China Post
Date: 18.10.05



Execs blame job shifts on work ethic

2005/10/19
By Benedikt Kammel and Maria Petrakis ATHENS, Bloomberg

European executives including Skype Technologies SA's Niklas Zennstroem and Royal Philips Electronics NV's Frans Van Houten said the region's long holidays and work ethic is behind the growing shift of jobs to Asia.

About 550 executives from technology companies ranging from German software maker SAP AG to chipmaker Freescale Semiconductor Inc. gathered in Athens, Greece, for four days to discuss

trends in their industry. Their verdict halfway through the event is that European workers take too much time off and lack the zeal of their Asian counterparts.

"I would like to see the same hunger in Europe to achieve as people in Asia have," said Van Houten, who heads the semiconductor division of Amsterdam-based Philips. "Europe would do well to return to the 40-hour-plus workweek."

Rigid labor markets and wage costs in Western Europe that are among the highest in the world are prompting companies to build new factories in low-cost regions such as Eastern Europe or India and hire more people abroad than they do locally. Europeans work fewer hours as well. The average German employee worked 1,443 hours in 2004, while in Korea it was 2,380 hours, in Japan 1,789 hours and in the U.S. 1,824 hours, according to OECD statistics.

SAP, the world's largest maker of business-management software, says most of the 4,500 people it plans to hire this year will be in Asia. German companies ranging from DaimlerChrysler AG to Siemens AG to have forced some employees to work longer hours for the same pay to avoid moving production abroad. Some Siemens workers making phones now work 40 hours a week again, up from 35.

Western German manufacturing wage costs are the world's highest after Denmark, weighing on growth prospects for Europe's largest economy, according to calculations by the Cologne-based IW economic institute. That's prompted executives to call on the country's politicians to ease their wage burden by cutting mandatory social security contributions.

The business conference in Athens, called European Technology Roundtable Exhibition, or Etre, brings together bankers, venture capitalists, executives from technology companies and politicians to discuss the future of the information technology industry. Athens mayor Dora Bakoyannis told Etre visitors Greece is starting to embrace changes, making it easier for companies to invest.

"Nobody in Europe believes that we can think as we did 50 years ago, with a slow labor market," Bakoyannis said. "Things have changed, and most countries in Europe are aware of this."

People in France work an average of 39.1 hours per week, the least among the 25 EU countries, according to Eurostat, the EU's Luxembourg-based statistics office. That compares with 42.2 hours in the U.K. and 42.6 hours in Poland.

Over the past two years, France has watered down the 35-hour workweek, allowing employees to work as many as 48 hours a week for more pay. In December 2004, the parliament approved a five-year plan of tax breaks and new spending to spur hiring.

"We have made mistakes in the past," Clara Gaymard, who runs a state agency promoting foreign investment in France, said at Etre. "We are making a lot of reforms, but it takes time." Zennstroem, the Swedish founder and chief executive of Internet telephony company Skype, said Europeans' reluctance to drop some of their privileges is making it harder for young companies to attract employees.

"In the U.S. and in Asia, people are a lot more entrepreneurial and willing to take risks," Zennstroem said in a speech at the conference. "In Sweden, people still want to have their five-week vacation, which is impossible in a start-up."

Still, the demands by Zennstroem's fellow countrymen haven't prevented Sweden from ranking as one of the three most competitive economies besides Finland and the U.S., according to a report by the World Economic Forum published last month. Under Sweden, Denmark moved to fourth, swapping places with Taiwan. Singapore, Iceland, Switzerland, Norway and Australia completed the top 10.

Publication: Bloomberg
Date: 19.10.05

Bloomberg.com

SAP May Post Profit Rise; Takes Clients From Oracle

SAP AG, the world's largest maker of business-management software, says tomorrow's third-quarter earnings will show the German company is winning the battle for U.S. customers against

Larry Ellison's Oracle Corp. "The figures will substantiate our claim that we are outpacing Oracle", SAP management board member Leo Apotheker told reporters at a business conference in Athens on Oct. 17. "We are doing a good job, we're focusing on our customers".

Net income at the Walldorf-based company probably rose 14 percent to 331 million euros (\$398 million), according to the median estimate of 14 analysts in a Bloomberg survey. License revenue, an indicator of future growth from services, probably gained 13 percent, led by a 25 percent jump in U.S. sales. Oracle on Sept. 22 said quarterly license sales gained 12 percent. SAP this year won contracts from Samsonite Corp. and JPMorgan Chase & Co. and is gaining market share after introducing discounts. The company is also hiring an additional 4,500 people to sell and develop software that helps customers manage tasks including payroll and accounting. Oracle, by contrast, is spending \$18 billion on acquisitions this year to narrow the gap with SAP. "Oracle is trying to close the gap with purchases, but they still have a long way to go", said Ioannis Papassavvas, who helps manage about \$65 billion at Deutscher Investment Trust in Frankfurt, including SAP shares. SAP is "winning market share in the U.S., which will continue to be the growth driver."

Market Share

SAP's share of the market for business-management software will probably rise to 43 percent this year from 40 percent in 2004, while Oracle's share may drop to 19 percent, according to Boston-based AMR Research Inc. At least 28 companies running programs now owned by Oracle have switched to SAP this year, lured by a promise of lower maintenance costs and a longer product lifespan, according to estimates supplied by SAP. Oracle spokesman Bob Wynne said the company had no comment. SAP releases earnings at about 7 a.m. local time. Chief Executive Henning Kagermann, 58, will host an analyst call at 3 p.m. Kagermann, who earned 3.1 million euros in 2004, wasn't available for an interview, spokesman Tony Roddam said.

SAP, whose clients include Home Depot Inc. and Porsche AG, beat analysts' projections in four of the past six quarters. Shares of SAP are up 10 percent this year, trailing the 17 percent gain of Germany's benchmark DAX Index, and trade at 30 times expected earnings per share. Shares of Redwood City, California-based Oracle, which trade at 15 times estimated earnings, have lost 10 percent so far this year.

German Woes

In the second quarter, SAP's profit missed estimates as software sales in Germany shrank a more-than-expected 13 percent. Clients delayed purchases ahead of last month's German federal elections and SAP had changed its regional sales force. Goldman Sachs Group Inc. analyst Mohammed Moawalla predicts SAP's license sales in Germany slipped 11 percent in the third quarter as the country remains a "source of concern with election uncertainty." Moawalla rates SAP "outperform."

SAP in July reiterated it expects license sales to rise 10 percent to 12 percent this year. Some analysts had forecast the company would raise that target. SAP also stuck to a forecast that its operating margin, or earnings before interest and tax as a percentage of sales excluding some costs, will be unchanged or 0.5 percentage point higher in 2005 as it steps up spending. Of the 42 analysts tracked by Bloomberg covering SAP, 23 rate the stock a "buy" and seven advise investors to sell the stock. Twelve recommend investors "hold" the shares.

Oracle Battle

Oracle last month reported fiscal first-quarter software license sales that fell short of analyst estimates. Ellison, 61, this year made acquisitions including the \$10.6 billion purchase of Pleasanton, California-based PeopleSoft Inc., to bolster his business-management offerings and cut reliance on database license sales. Database licenses account for 80 percent of new business. SAP in January started an incentive program aimed at winning customers from Oracle and the competitors the U.S. company has since acquired. Oracle retaliated with a similar discount plan.

"SAP can still gain further market share in an environment characterized by expanded IT spending and struggling competitors," said Ulrich Trabert, an analyst at Metzler Equity Research in Frankfurt, who advises investors buy the shares. Oracle was more profitable than SAP in the companies' latest quarters. The U.S. company had an operating margin of 27.1 percent in the

fiscal first quarter ended Aug. 1. SAP's operating margin in the second quarter ended June 30 was 22.8 percent.

Publication: Financial Times Deutschland
Date: 19.10.05



Dossier Symbian sucht Partnerschaft mit Softwareanbietern

Matthias Lambrecht, Athen

Der Anbieter von Handysoftware Symbian verhandelt mit SAP über eine Kooperation. Damit soll auch ein Vorsprung vor dem ins Handygeschäft drängenden Unternehmen Microsoft gewonnen werden. Symbian-Vorstandschef Nigel Clifford: "Wir haben mit SAP über Möglichkeiten gesprochen, ihre Anwendungen zu unterstützen", sagte Symbian-Vorstandschef Nigel Clifford der FT. Sein Unternehmen sei offen für eine Zusammenarbeit, betonte Clifford.

Symbian ist bereits eine strategische Partnerschaft mit SAPs [</ticker/DE0007164600.DE>](#) Wettbewerber Oracle [</ticker/US68389X1054.O>](#) eingegangen. Ziel ist es, professionellen Handynutzern den mobilen Zugang zu Datenbanken ihres Unternehmens zu ermöglichen, die mit Software von Oracle betrieben werden. Eine vergleichbare Zusammenarbeit wäre auch mit SAP denkbar, dem weltweit führenden Anbieter im Markt für Unternehmenssoftware.

Mit der Suche nach Partnern, die das eigene Angebot attraktiver machen, versucht Symbian, seine Position im wachsenden, aber umkämpften Markt für die so genannten Smartphones zu festigen. Diese Mobiltelefone bieten mit Internetzugang, Adressverwaltung, Zeitplanung und E-Mail-Empfang Funktionen, die vor allem für Geschäftskunden interessant sind. Symbian, zu dessen Anteilseignern Handyhersteller wie Nokia [</ticker/FI0009000681.N>](#) zählen, ist Marktführer in dem Segment.

Auch der Softwarekonzern Microsoft [</ticker/US5949181045.O>](#) drängt in das Geschäft. Dessen Handyangebot ist wegen der Kompatibilität mit dem PC-Softwarepaket Office für professionelle Anbieter attraktiv. Dennoch konnte der britische Anbieter seinen Marktanteil zuletzt noch deutlich ausbauen. Nach Angaben des britischen Marktforschungsunternehmens Canalys.com lag dieser im abgelaufenen Quartal bei 61 Prozent. Im Vorjahreszeitraum waren es 41 Prozent. Dagegen schrumpfte Microsofts Anteil in dem Segment von 23 auf 18 Prozent.

Auch Kooperation mit Microsoft möglich

Trotz des harten Wettbewerbs schloss Clifford auch weitere Kooperationen mit Microsoft nicht aus. Symbian hat bereits im Frühjahr einen Lizenzvertrag mit Microsoft geschlossen, um den Zugriff auf das E-Mail-System des Konzerns für die Nutzer von Handys mit Symbian-Software zu erleichtern.

Zuletzt hatten auch Wettbewerber von Symbian Kooperationen bekannt gegeben. So wird der Handheld-Anbieter Palm [</ticker/US6966421074.SG>](#) die Software des kanadischen Wettbewerbers RIM auf seinem Smartphone Treo 650 anbieten. RIM ist der Anbieter des E-Mail-Empfangsgeräts BlackBerry. Im vergangenen Monat hatte Palm bereits die Auslieferung eines Geräts mit dem Microsoft-Handybetriebssystem angekündigt.

Clifford geht davon aus, dass Symbian das aktuelle Wachstumstempo auch in den kommenden Jahren halten kann. Im ersten Halbjahr war die Zahl der mit dem Betriebssystem von Symbian ausgelieferten Handys mit 14,5 Millionen fast dreimal so hoch wie im Vorjahreszeitraum. Der Umsatz verdoppelte sich auf 51,6 Mio. \$. Dabei habe Symbian mit dem Preisdruck im Handygeschäft zu kämpfen. "Wir stehen im Wettbewerb mit den Handyanbietern, die mit der von ihnen selbst entwickelten Software keine Gewinne erwirtschaften müssen", sagte Clifford. Um Schritt zu halten, werde Symbian das Investitionstempo beschleunigen. In den letzten acht Jahren habe das Unternehmen rund 500 Mio. \$ für Forschung und Entwicklung ausgegeben. Zudem möchte Symbian die Abhängigkeit von Smartphones verringern. "Wir wollen unseren Anteil im Massenmarkt weiter ausbauen", sagte Clifford. Dabei setzt er auf die wachsende

Nachfrage nach Fotohandys und Telefonen mit MP3-Player. Das Interesse der Konsumenten werde deutlich wachsen, sobald die Qualität mit reinen Kameras oder Musikabspielgeräten gleichziehen würde.

Publication: PC Pro
Date: 19.10.05



Microsoft settlement to fund Real acquisition spree

Real Networks is looking to spend the \$760mn it will get from Microsoft by acquiring some other companies, its founder and CEO said yesterday. 'Our two growth businesses have been music and games so if you could do acquisitions that accelerate that I wouldn't rule it out,' Rob Glaser [said](#) at a tech conference in Athens.

Glaser said that the payment would raise Real's cash reserves to more than two times its annual sales but he was not planning to splash the cash immediately. Glaser has been described as a former protege of Microsoft founder Bill Gates but left to found his own company developing the Real Player technology for delivering audio and video on the Web. It has since expanded into gaming and music largely on the basis of the acquisitions of several other businesses.

The payment is part of a [settlement](#) that will see Real drop all outstanding legal action against Microsoft.

Publication: Red Herring
Date: 19.10.05



SAP 'Outpaces' Oracle

The German leader in business software says it will outperform archrival in key business applications space.

Despite Oracle's recent slew of acquisitions to build up its applications business, [SAP](#) is still expected to outperform its archrival in this highly lucrative segment when it releases its third-quarter earnings Thursday. "The [third-quarter] figures will substantiate our claim that we are outpacing [Oracle](#)," Leo Apotheker, a member of SAP's executive board, told reporters at a conference in Athens, Greece, Monday.

In the third quarter, SAP's business applications license revenue is expected to rise 10 percent to €540 million (\$645 million) from €491 million (\$588 million) in the year-ago quarter, according to analyst Brendan Barnacle of Pacific Crest Securities. License revenue is a good indication of a company's strength as it can convert this revenue to future service revenue.

In comparison, Oracle's applications license revenue was \$127 million in the third quarter of calendar-year 2005, which was technically Oracle's first quarter of fiscal 2006 (see [Oracle Sales Fall Short](#)). Mr. Barnacle said it will be "pretty easy" for SAP to surpass Oracle's \$127-million figure. Business applications refer generally to software used by companies to help track different functions of their businesses such as customer relationships, accounting, and supply chain management.

Walldorf, Germany-based SAP is the market leader in business applications, with a 21 percent market share, according to AMR Research. Redwood Shores, California-based Oracle is No. 2 with 9 percent. But Oracle has been on an acquisition binge, buying companies like [PeopleSoft](#) and [Siebel Systems](#), with an eye toward one day dominating the applications segment (see [Oracle Buys Siebel for \\$5.85B](#)). Oracle still earns most of its revenue from its database business.

Since Oracle's acquisition of PeopleSoft and JD Edwards, SAP has countered with its Safe Passage program launched in January designed to lure Oracle customers. Since the launch, SAP has managed to poach 28 Oracle customers over to its side out of a total of 26,000 Oracle applications customers. SAP's shares were down \$0.31 to \$42.95 in recent trading.

Profit Boost Seen

SAP will announce its quarterly results before the Frankfurt stock exchange opens at 7 a.m. Thursday local time (10 p.m. PDT Wednesday). SAP's net income is expected to rise 19 percent to €331 million (\$396 million), or €1.09 (\$1.30) per share, from €277 (\$304 million) in the year-ago quarter, according to an estimate of 28 [Thomson Financial](#) analysts. Meanwhile, analysts expect revenue to rise 7 percent to €1.9 billion (\$2.27 billion) over the year-ago quarter.

Mr. Barnacle said analysts will pay particular attention to guidance. Wall Street sees the company's full-year revenue rising nearly 14 percent, while the company has forecast an increase in the range of 10 to 12 percent. "I think they will reiterate the poor guidance, which will be a disappointment to people," he said.

Equity research firm Fulcrum Global Partners is expecting a strong quarter. One reason is the dislocation in the enterprise resource planning (ERP) space following the PeopleSoft acquisition, said Sam Saunders, a research analyst with Fulcrum. Oracle acquired ERP vendor PeopleSoft for \$10.5 billion in December 2004. "Oracle's organic software license growth is pretty anemic, whereas SAP has been able to put up some pretty good growth by 10 percent over the last couple of years," said Mr. Saunders.

Growing Organically

While SAP is trying to grow organically, Oracle has been focusing on acquisitions, spending about \$18 billion in 2005. SAP is expected to do well in the Americas, which will be the reason for its expected solid performance this quarter, said AG Edwards analyst Yun Kim in a research note.

Mr. Kim also said the sales momentum for SAP's customer relationship management (CRM) business is accelerating since Oracle's acquisition of CRM leader Siebel. Excluding Siebel's acquisition, Oracle's market share in the CRM space is 3 percent compared to SAP's 15 percent, according to AMR Research. Siebel's market share in this area is 12 percent.

Publication: Taipei Times

Date: 19.10.05



Executives say European workers are just too lazy

European executives including Skype Technologies SA's Niklas Zennstroem and Royal Philips Electronics NV's Frans Van Houten said the region's long holidays and work ethic are behind the growing shift of jobs to Asia.

About 550 executives from technology companies ranging from German software maker SAP AG to chipmaker Freescale Semiconductor Inc. gathered in Athens, Greece, for four days to discuss trends in their industry. Their verdict halfway through the event is that European workers take too much time off and lack the zeal of their Asian counterparts. "I would like to see the same hunger in Europe to achieve as people in Asia have," said Van Houten, who heads the semiconductor division of Amsterdam-based Philips. "Europe would do well to return to the 40-hour-plus workweek."

Short work week

Rigid labor markets and wage costs in Western Europe that are among the highest in the world are prompting companies to build new factories in low-cost regions such as Eastern Europe or India and hire more people abroad than they do locally. Europeans work fewer hours as well. The average German employee worked 1,443 hours last year, while in Korea it was 2,380 hours, in Japan 1,789 hours and in the US 1,824 hours, according to OECD statistics.

SAP, the world's largest maker of business-management software, says most of the 4,500 people it plans to hire this year will be in Asia. German companies ranging from DaimlerChrysler AG to Siemens AG to have forced some employees to work longer hours for the same pay to avoid moving production abroad. Some Siemens workers making phones now work 40 hours a week again, up from 35. Western German manufacturing wage costs are the world's highest after Denmark, weighing on growth prospects for Europe's largest economy, according to calculations by the Cologne-based IW economic institute. That's prompted executives to call on the country's politicians to ease their wage burden by cutting mandatory social security contributions.

Need for change

The business conference in Athens, called European Technology Roundtable Exhibition, or ETRE, brings together bankers, venture capitalists, executives from technology companies and politicians to discuss the future of the information technology industry. Athens mayor Dora Bakoyannis told ETRE visitors Greece is starting to embrace changes, making it easier for companies to invest. "Nobody in Europe believes that we can think as we did 50 years ago, with a slow labor market," Bakoyannis said. "Things have changed, and most countries in Europe are aware of this." People in France work an average of 39.1 hours per week, the least among the 25 EU countries, according to Eurostat, the EU's Luxembourg-based statistics office. That compares with 42.2 hours in the UK and 42.6 hours in Poland.

Over the past two years, France has watered down the 35-hour workweek, allowing employees to work as many as 48 hours a week for more pay. In December last year, the parliament approved a five-year plan of tax breaks and new spending to spur hiring. "We have made mistakes in the past," Clara Gaymard, who runs a state agency promoting foreign investment in France, said at ETRE. "We are making a lot of reforms, but it takes time."

Too many demands

Zennstroem, the Swedish founder and chief executive of Internet telephony company Skype, said Europeans' reluctance to drop some of their privileges is making it harder for young companies to attract employees. "In the US and in Asia, people are a lot more entrepreneurial and willing to take risks," Zennstroem said in a speech at the conference. "In Sweden, people still want to have their five-week vacation, which is impossible in a start-up." Still, the demands by Zennstroem's fellow countrymen haven't prevented Sweden from ranking as one of the three most competitive economies besides Finland and the US, according to a report by the World Economic Forum published last month.

Publication: The Inquirer
Date: 19.10.05



IT industry shows signs of becoming terribly grey

It's fifteen years since we attended our first Etre, held in Opio, France, as Dasar founder Alex Vieux reminded us earlier this week. We looked at the book of participants when we returned from Athens and that demonstrates just how different the market looks 15 years on. The keynote speakers then included Vittorio Cassini of Olivetti; Ed de Castro from Data General; Fred Gibbons from Software Publishing; Philippe Kahn of Borland; Leonard Liu from Acer; Eckhard Pfeiffer from Compaq and Charles Wang of CA.

Other attendees included Steve Ballmer from Microsoft; Hermann Hauser then at Active Book; and Lee "a better Windows than Windows" Reiswig, from IBM. We attended Etre for several subsequent years which saw some real fireworks fly - such as Philippe Kahn and Bill Gates trying to outdo each other on the parties they sponsored; Compaq's Eckhard Pfeiffer declaring war on Intel, and many other fizzy stories.

We particularly enjoyed watching Financial Times journalist Alan Cane dancing the night away at a 1990s Etre. He was there this year, but we didn't catch him doing much dancing. A lot of the characters in the industry, such as Enrico "The Cloak" Pesatori and others have retired or moved on to other projects. And while the calibre of the attendees Alex Vieux summons like a wizard to the show remains high, we get the feeling that there's not nearly as much spark in the industry as there was.

We talked to another veteran Etre attendee about his impression, and he said that in some ways it looked as if the industry was finally, and rather disappointingly, reaching maturation and consolidation. That's kind of inevitable, but he also said that the real action in the 21st century is in the consumer market, and he was a little disappointed that there were few of these bright sparks to liven things up. He said that everything in the IT industry was beginning to be more than a little grey. Who, for example, could name the new CEO of HP? The bright sparks from this year's show were to be found at some of the keynotes and the roundtables, including a lively debate on Open Source which saw Marc Fleury get very cheesed off with a question put to him from the audience which suggested that free downloads from Jboss needed a lot of work, and a lively panel which saw the Hutchison Whampoa president spiritedly defending herself against all oncomers.

Alex Vieux continues to do a great job stirring up delegates, keynote speakers without fear or favour, and the show will go on. He always arranges interesting gigs too, like the first night's cocktail party under a full moon near the beach, when delegates started to dance with the traditional Greek troupe and looked like it might get out of control, although we noted the plates were quickly removed so there was no plate smashing, unfortunately.

The second evening was the "Indian Night" complete with sitar player and a spirited rendition of "Meri Mumbai hai" from a senior exec of a big Indian corporation. The last night is the traditional gala night and we were pleased to see delegates walking, or perhaps lurching around in their

black tie outfits and their cocktail dresses at 5.45AM, as we headed off to the airport and Old Blighty. Some managed a couple of hours sleep. We saw one person who will remain nameless waiting to board our plane to London, and asked him why he was going there. He looked at his ticket, and said no. "I'm at the wrong gate," he said. "You saved my butt." Survivors like Bill Gates, Vieux promised, will appear at next year's Etre right at the time when Vista begins to unfurl. Here's our coverage from this year's show. We did manage to write some stories although we have the definite feeling that delegates are being told to be careful not to sit down next to the INQUIRER or spill beans aloud when we're around.

Publication: Web Pro News
Date: 19.10.05



Microsoft The Real Skype Threat

David Utter

The purchase of Skype by eBay has allowed it to keep its autonomy, but hasn't reduced the threat of the big Internet players to Skype's VoIP business. Teleo. Dialpad. TotalTalk. Those are the VoIP services owned by Microsoft, Yahoo, and AOL. All of them could make Skype very uncomfortable if they can get some of their millions of users onto those services. "I think the biggest threat to us is companies like Microsoft, Yahoo and Time Warner's AOL, because their customer base is so big," Skype's Chief Executive and co-founder Niklas Zennstroem told an Athens conference on Sunday.

Microsoft and Yahoo have made voice chat part of their instant messenger programs, and recently announced they would provide interoperability between their proprietary IM services. AOL has launched TotalTalk as a full-fledged VoIP service. AOL's beta AIM Triton client preview also includes the TotalTalk software. Millions of IM users may not be the biggest problem for Skype. Microsoft's [Teleo purchase](#) looms like the proverbial iceberg in the night.

Should Microsoft heavily integrate Teleo's VoIP into Office and Internet Explorer, and there's no reason to think it can't, millions of corporate desktops and home PCs will have Internet phone calling without downloading additional software. If Microsoft were to make calls to landline and mobile phones free via its product, Skype could be the next Netscape. Impossible? Zennstroem said this in Athens: "In a few years' time the idea of paying for phone calls will seem very strange."

Publication: ZDNet
Date: 19.10.05



Real: How can we spend Microsoft's money?

RealNetworks is mulling more acquisitions after receiving Microsoft's \$761 million payout to settle an antitrust case. "Our two growth businesses have been music and games, so if you could do acquisitions that accelerate that I wouldn't rule it out," CEO Rob Glaser said Tuesday in an interview at a tech conference in Athens. He declined to specify potential acquisition targets.

Last week, software giant Microsoft agreed to pay the Internet media software company \$460 million in cash and to invest \$301 million in promoting [RealNetworks' Rhapsody online music subscription service](#) on Microsoft's MSN Web site. RealNetworks had sued Microsoft almost two years ago, saying Microsoft's decision to bundle Windows Media Player for free within the Windows operating system was an abuse of its market dominance and had harmed RealNetworks' sales.

Rob Glaser, a former protégé of Microsoft founder Bill Gates before he left to start his own company, built his business on the RealPlayer software for playing video and audio on computers. RealPlayer is a rival to Microsoft's Media Player. In response to the competition from Microsoft, RealNetworks shifted toward online music and games, buying PC games firms [GameHouse](#) and Mr. Goodliving and [acquiring Listen.com](#), the company that brought it the Rhapsody service.

The Microsoft payout will boost RealNetworks' cash and equivalents to above \$800 million by the end of the year. However, Glaser said that he isn't in a rush to buy more companies. "I'd rather do four acquisitions that work than do eight, six of which work," he said. "We'd probably look at more opportunities now, but I couldn't predict that the velocity will increase." Glaser said he is not currently in talks with Steve Jobs, chief executive of Apple Computer, which dominates the online music business with its wildly popular iPod mobile music player and iTunes software. "Right now it's a [dormant stage in that relationship](#)," Glaser said.

Glaser added that he is ready to put aside rivalry with Microsoft to make the new cooperative deal work. The Microsoft deal also gives RealNetworks access to Windows technologies to enhance the RealPlayer software. "We're sincere about wanting a collaborative relationship with Microsoft," he said. Asked whether he could imagine ever returning to Microsoft, Glaser said: "I think I enjoy working for a company of a size big enough to get things done, but that's still nimble."

Publication: CIOL India
Date: 20.10.05



Venture capitalists seek next big thing in tech

Georgina Prodhan and Foo Yun Chee

ETRE technology conference in Athens expressed optimism that European technology firms could be on the up again

ATHENS: Luxemburg-based Internet telephony firm Skype has shown that Europeans can build a \$4 billion company in just over two years, but venture capitalists are wondering if it was a fluke or the start of a trend. Talent scouts gathered at the high-profile ETRE technology conference in Athens expressed optimism that European technology firms could be on the up again. "There are huge opportunities. It's only limited by our own creativity. Skype was actually a bellwether for a lot of European companies," said Tim Draper of venture capital fund Draper Fisher Jurvetson, which helped finance Skype. He basked in the envy of other financiers, even leaping onto the stage to read an "Ode to Skype" to the company's co-founder, Niklas Zennstroem.

Skype, which has developed free software for free phone calls over broadband Internet connections, was sold to eBay for close to \$4 billion last month. Financiers said similar success stories could be around the corner. "I think there are many other Skypes in the making," said Maurizio Caio, founder of TLcom Capital Partners, which manages \$200 million. At ETRE many young companies touted innovations ranging from SMS advertising methods to identity-theft protection software to investors. Scanbuy from Spain offers software that allows camera phones to function as bar-code scanners, while Proxilliant from Sweden has a technology to improve the quality of broadband cable. Berg Networks from Spain promises a "Blackberry email experience", where customers receive their corporate email automatically on their mobile device, on non-Blackberry, and therefore cheaper phones.

"We plan to go to venture capital in the second round, probably in the middle of next year," said James Carroll, in charge of business development at Berg Networks.

Bigger Risks

Many of the financiers attending the four-day networking event seemed ready to take bigger risks again, with last week's sale of Skype fresh in their minds. Caio said caution would bring few rewards. "If you throw peanuts, you get monkeys," he said. "I would rather have a failing Skype than a successful, irrelevant company with marginal stuff that does not change anything," he added. The success helps venture capitalists (VCs) to raise fresh funds. In the first half of the year, European VCs raised more than 200 million euros (\$239.6 million) more than they did in the whole of 2004, according to a study by VentureOne.

Skype's astonishing return on investment -- Mangrove Capital Partners, which was also an investor, said it received 100 times what it had put in -- is reminiscent of successful flotations of eBay, Yahoo and Amazon in the late 1990s. The joint investment in Skype from VC funds, which also included Bessemer Venture Partners and Index Ventures, was just \$25 million. The success has wetted the appetite of many investors, which is a mixed blessing, Zennstroem warned.

Normally considered a shy character, Zennstroem took a swipe at venture capital firms, which he said in his experience had mostly only been interested in making a quick buck, not in the business itself. "When they know you need them, they're not there," he warned today's start-up companies, cautioning them to beware of financiers who wanted to take control of their business for short-term gain. Others believed, or hoped, that the irrational exuberance of the late 1990s was not making a comeback yet. "Is the industry back? Yes and no," the manager of Goldman Sachs's high-tech group, Lawrence Calcano, told the first day of the conference, cautioning that more sober business models and less of the hype seen in 2000 were needed.

Publication: IT News Australia
Date: 20.10.05



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Publication: The Inquirer
Date: 20.10.05



China likely to grant four 3G licences

The CEO of Chinese firm the Khongzong Corporation said it was likely the government will grant four 3G licences in the country next year.

Yunfan Zhou, speaking at a roundtable panel at the Etre conference in Athens, said that China is moving swiftly to data services. He said it was likely that three to four firms would be granted 3G licences in 2006. He said that China is moving "very quickly" to 2.5G. "A lot of young people spend too much on their phones, because it's a fashion".

The main focus for the kids is are the media, games and music they can get with their phones, which aren't subsidised and can cost hundreds of dollars. His firm, Khongzhong, is listed on NASDAQ -- tick KONG - and has links with China Mobile, China Netcom, China Unicom and China Telecom.

He said that the practice for a lot of kids was for them to play games for five to 10 minutes while they were travelling, and games on mobiles were far more popular than games on consoles. Khongzhong is targeting Europe, America and other territories as part of its plans for expansion. Yunfan claimed there over 400 million mobile phones had been sold in China. Doubtless many of these were people buying several times over, so there's still a way to go.

Publication: The Inquirer
Date: 24.10.05



Microsoft cries innovation and empowerment

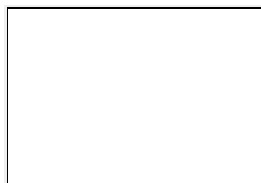
Last week your INQ sat through a presentation by Neil Holloway, now EMEA president of Microsoft, and gave up counting the word "innovation" after we'd heard it at least 20 times in just his first three paragraphs. The more important question, put to Holloway by MC Alex Vieux at the Etre conference in Athens last week, was whether others' perceptions of Microsoft as bureaucratic and hidebound were correct. Holloway conceded that perception existed, but claimed that the recent re-organisation made by CEO Steve Ballmer changed everything. The presidents he appointed were all able to make their own decisions now and didn't have to cross his desk for his imprimatur.

Thinking about this, it's quite extraordinary that a situation like that existed in the first place. It's almost as though it only changed when insiders at Microsoft started blogging the truth and the mainstream press and presumably investors started asking some serious questions. The software firm has two favourite words that you see everywhere in its press releases, company speeches and announcements - innovation and empowerment. It seems like no one much got empowered until recently and the innovation has been a little bit thin at the Mighty Vole.

At least Microsoft has now made a commitment on its future operating system, Longhorn-Vista, but our feeling here at the INQUIRER is that this is unlikely to be greeted with delight by its partners, by its corporate customers, or by consumers either. It's all very well Mr Holloway saying that security is now job zero for Microsoft, and that's what's delayed Vista, but we think this reason is also somewhat without merit. Voices within Microsoft have no doubt pointed out to the firm for some years that the kind of considerations for a corporate operating system are a little different from those for a home PC, and that much was obvious to many corporate buyers of Microsoft OSes, who voted with their feet by refusing to install Windows XP. It's likely that despite attempts by Microsoft to change the cycle, those same corporate types will also watch mutely until they're absolutely sure the firm has got it right with Vista.

The hardware firms are less than delighted with Microsoft because they've heard the promises before several years ago. Meanwhile, as Microsoft dilly-dallied, they executed and went right ahead producing great hardware which lacked the OS which could use it. And consumers will be wondering just how much new hardware they're going to have to lash out in the coming years.

Publication: MSNBC
Date: 14.11.05



Can Europe still compete in technology?

Once a center of innovation, Europe now struggles to keep up

By Michael Rogers

Columnist

Special to MSNBC

Updated: 7:53 a.m. ET Nov. 14, 2005

The future of Europe is often forgotten amidst the American focus on competing with China (see "Can China build its own Silicon Valley?"). But European competitiveness in global technology was a main focus at last month's sixteenth annual European Technology

Roundtable (ETRE), in Athens, Greece — and the messages of the three-day CEO gathering were decidedly mixed.

Meeting not far from the ruins of the Acropolis was a sharp reminder how the intellectual and commercial fortunes of nations can rise and fall. In years past, European technologists gave the world penicillin, radar, the compact disk, and the World Wide Web — but many observers now feel the region's innovative spirit is flagging. Alex Vieux, the driving force behind ETRE (and now also publisher of the revived *Red Herring* magazine), says since his conference first met in 1990, "Europe has lost ground in terms of both production and patents. The role of Europe in invention is becoming secondary, whereas fifteen years ago it was at least on par with the U.S."

And some believe it could get worse: at ETRE, a year earlier, a multinational entrepreneur suggested darkly to me that "in twenty years, China and India will be the back offices and factories of the world, the United States will be the innovator, and Europe will be the Third World."

Yet prominent on stage the first day of this year's ETRE was Niklas Zennstrom, the 39-year-old Swedish entrepreneur who first gave the world the file-sharing network Kazaa and more recently the Internet telephony sensation Skype. Only a month earlier, eBay had purchased Skype for \$2.6 billion—a singular triumph for a two-year-old European start-up. (Ironically, due to lingering music-industry lawsuits over Kazaa, Zennstrom still avoids actually setting foot in the US.)

"Skype," says Tim Draper, a Silicon Valley venture capitalist, "was a bellwether for a lot of European entrepreneurs; they suddenly had the sense, I'm European and I can do this! They were celebrating in the streets in Estonia."

But Zennstrom actually wasn't that encouraging. Most of his time on stage was spent berating the European venture capital community for their reluctance to back Skype in the first place. It was an American firm that provided the initial funding for the Swede's audacious VOIP effort. The Europeans hesitated to invest in something as radical as Zennstrom's vision that "in a few years,

people will think that paying for a telephone call is a very strange idea.”

“Europe in general has a more risk-averse culture,” says Paul Deninger, chairman of the U.S. investment banking firm Jeffries Broadview. “It’s not as bad as Japan, but in Europe failure is not celebrated — it’s barely tolerated.” (By contrast, there are Silicon Valley venture capitalists who actually *prefer* entrepreneurs with prior failure as a learning experience.) “In the U.S. people want their kids to grow up to be Bill Gates. In France, they want them to be Minister of Finance — and they train them that way.”

And that social attitude influences the way start-up technology businesses are treated.

“You have countries that view innovation as a key part of their fabric,” says Vieux. “Europe views tradition and lifestyle as their fabric. In a Hollywood movie, you might have someone going on a computer, searching the Internet for clues. In a European movie, you will always have a great food scene.” Deninger adds: “In the highly entrepreneurial cultures, like Korea, China or Israel, the *countries* make it a matter of policy. And now you’re seeing Chinese and Indians, educated in the United States, going back to their home countries because there’s so much opportunity. You don’t hear anyone say I’m going back to Luxembourg for the opportunities.”

Yet Deninger says that he detects only minimal concern among Europeans about their status. “The U.S. has so many advantages—the number one capital market, the number one university system, an open entrepreneurial culture—yet we’re all scared about China and India. Europe ought to be *petrified*, and the fact that they’re not is interesting.”

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"You can grow a big company in United States," says Burger, "before you try to take it overseas. But the European market is fragmented. Take Ireland: there are a lot of very bright, highly-motivated entrepreneurs, yet the total population is 3.5 million. If you start a company there you have to think about going global from day one, and that adds enormous challenges."

A number of ETRE attendees said the real entrepreneurial opportunities may lie in "new" Europe. "The Eastern European countries," says Roel Pieper, chairman of Favonius Ventures, a European venture capital firm, "are Europe's biggest chance. These are countries that want to change, and it's not clear that the rest of Europe feels the same way." These countries currently lack a well-organized financial infrastructure and clear operating rules, but, says Pieper, "you tell me what the operating rules are in China," where firms are rushing to invest.

The Eastern European countries also have excellent math and engineering curricula — indeed, in the early 1990s, many of the most insidious computer viruses came from the former Soviet Bloc, where kids had plenty of grudges and lots of experience writing very efficient software for their outmoded computers. "So many kids in Eastern Europe are growing up hungry, in career terms, compared to U.S. kids," says Burger. "Poland, for example, is very promising. While it's seen now by Western Europe as a manufacturing threat, it's largely discounted as a source of innovation. But the next Google could come from there."

Innovation does still come from Europe. At ETRE I heard about a remarkable new kind of reading device, with a rollable screen. It wasn't until I was back in New York that I had a chance to meet with

Karl McGoldrick, CEO of the Dutch start-up Polymer Vision. McGoldrick was carrying the first prototype of the RADIUS, a sleek device not much larger than an old-fashioned pager, which fit comfortably in his shirt pocket. The trick: you can pull on both sides of the little box and it unrolls to reveal an ultra-thin five inch display screen for text and images. The prototype version lets you click around between book texts and news from the Web. "It is the answer," says McGoldrick, "to how we can give pocket-sized mobile devices large screens."

It's an impressive device. And Polymer Vision, a spin-out from Philips, already has larger — but still fully rollable — screens in the lab, and they are working on color versions for 2007. What's worth noting is that I saw it not in Europe, but in the United States, where McGoldrick had come to find support for the next phase of RADIUS. Europe, in short, may still be able to compete, but in the new game of global innovation it will also need to choose its partners well.

Publication: Financial Times
Date: 09.11.05



FT REPORT - DIGITAL BUSINESS

The consumer seems to dominate the future.

By ALAN CANE

9 November 2000

Every autumn, many of Silicon Valley's most distinguished technologists and venture capitalists (and some of the less distinguished) decamp to a carefully chosen European venue, a different one each year, there to rub shoulders for a few days with their peers from France, Germany, Japan, the UK and elsewhere.

This is the Etre conference, now in its 15th year or thereabouts. Run by the same group that publishes the technology business magazine Red Herring, it is idiosyncratic to a degree unheard of in today's diminished world of high technology jamborees.

It breaks most of the rules in the conference manual but remains broadly successful and richly enjoyable. Why this should be so is a puzzle. Some suggest it provides an opportunity for the Valley's aristocracy to hob-nob on neutral territory: others, that it is impossible to spend a few days away from the office in Rome, Versailles, Barcelona or Berlin without feeling rejuvenated. This year it was Athens, still sparkling after its Olympic odyssey. Over the years, successive Etres have formed a baseline for the significant thematic changes in the industry: the arrival of the personal computer and the rise of packaged software; the domestic PC and the growth of the internet; the telecommunications explosion, the emergence of open source software and now wireless systems and applications.

The sessions and product demonstrations in Athens, however, suggest that at present we are experiencing an interregnum, a period of consolidation in the information technology business when no "big new thing" is on the horizon. Consider, for example, the following three developments that were on show in Athens.

First, Sling Media. This US-based company has developed a television set-top box, decorously called the "Slingbox," which connects to the internet allowing the consumer to watch the live video stream from his or her television over a broadband link on a personal computer anywhere in the world.

Sling software makes it possible for the consumer to control the television remotely. Versions for the Apple Macintosh, and certain smart mobile phones and personal digital assistants will be available shortly. Why? You could well ask.

Second, Allisblue, a Belgian-based company that has developed a technology enabling a subscriber to retrieve information of all kinds by sending an SMS message to the company. It essentially links SMS to e-mail. Allisblue has agreements with a number of consumer products and media companies including Endemol, the Netherlands company behind the "Big Brother" phenomenon. The subscriber texts a code word to Allisblue which contacts, say, Endemol, which, in turn, e-mails the subscriber the Big Brother e-magazine. Some will like this prospect.

Finally, Oz Communications of Montreal, Canada: it has developed software that makes it possible to send and receive emails on mobile phone handsets just as if they were PCs. Oz's software is already embedded in millions of mobile phones around the world.

The breakthrough here is that this service is aimed at ordinary consumers rather than the business email market. As the company claims: "This is a new trend in the wireless industry. For the first time, the ordinary consumer can stay connected via email."

The connection between these three examples is that in each case the innovation is aimed at the consumer rather than the purely business user.

According to the Gartner Group, the research consultancy, a new trend is on the horizon: the practice of introducing new technologies into consumer markets prior to industrial markets. "As a result," Gartner says, "the majority of new technologies enterprises adopt for their information systems between 2007 and 2012 will have roots in consumer applications."

If Gartner is right, there are important implications for other sectors - the semiconductor industry, for example, will see demand driven by these applications over the next few years.

The Slingbox has an obvious industrial function: to provide tired road warriors with free entertainment in their hotel rooms.

But it is easy to see the implications for security of a device that can send quality video images over the internet to anywhere in the world.

And while Allisblue's technology today serves the not-too-serious purpose of e-mailing entertainment magazines, it could provide a new way of acquiring business information without going through the call centre.

These developments, however clever and appealing though they are, represent pieces in the IT jigsaw rather than a whole new board game.

The development of the IT industry has been driven by innovations that came in from left field rather than in linear fashion.

It may take an Etre or two more before we can clearly see what is to be or not to be.

Publication: The Inquirer
Date: 16.11.05



VCs have a downer on the chip industry

Fabless Semiconductor 2005 What is 3i for, exactly?

By Mike Magee: Wednesday 16 November 2005, 20:24

THE LAST PANEL session at a most interesting semiconductor conference in Antwerp was dominated by financial analysts and VCs who showed every sign that in their books pessimism is the new optimism.

One hack from the floor said that he'd been waiting for a breakthrough in the semiconductor industry for years - perhaps on the scale of programmable logic which really galvanised the chip industry.

But the gurus of doom don't seem interested in investing in chips any more. They seem more interested in things like the iPod which of course don't need external investment at all.

Robert Jelski, global sector head of ESAT at 3i seemed to suggest that it was only interested in companies which had management experience. This sounded odd to us, because we're confident we earwigged a conversation the night before where 3i was offering an investment of between \$100 million to \$150 million to one of the semi guys at the conference.

Andrew Griffin, first VP semiconductor research at Merrill Lynch was good value because before he went into the financial world, he was an electronics engineer so could explain the wacky world of financial analysis in words of one, or at the most two syllables.

Yet, when we asked him at lunch later what a guy or a gal was supposed to do if he or she came up with a super plan, he suggested that rather than approach the VCs, they could sell their idea to one of the big companies. We quietly reflected that approaching HP with fab ideas, or even IBM meant you'd need to get on your knees and pray to the patron saint of lost causes first, for divine intervention.

In fact, no doubt VCs have all sorts of ideas crossing their table and are too cautious to take a risk. Or even a RISC. Or even risk it for a frisket. You may remember that at the Etre conference in Athens just a few weeks ago we reported that there are already over 500 fabless semi designs in China. So go figure.

Without sufficient funds, what chance is there for bright young geniuses in the 21st century? It was a down tone for the end of an up conference, because there's still heaps of money to be made in the chip biz.

Heck, everyone was feeling quite optimistic before this last panel session, for crying out loud. μ