



Bitfone
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Bitfone's Experience in High Growth Asia Markets

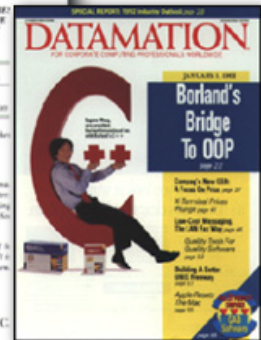
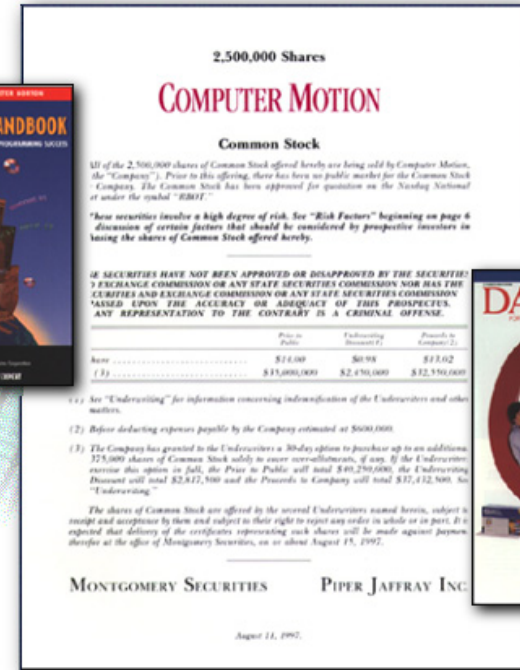
October 2, 2003
Gene Wang, CEO

Bitfone Background

- Started in Palo Alto but moved to Laguna Niguel
- Offices in Japan, Korea, Finland and US
- Just announced customer wins with Motorola and Sony Ericsson Japan
- Raised \$35 Million From Top-Tier Investors
 - Only company to have raised money from both Nokia Ventures and Motorola Ventures
- 100% focused on OTA firmware updates for mobile phones

Gene's Background

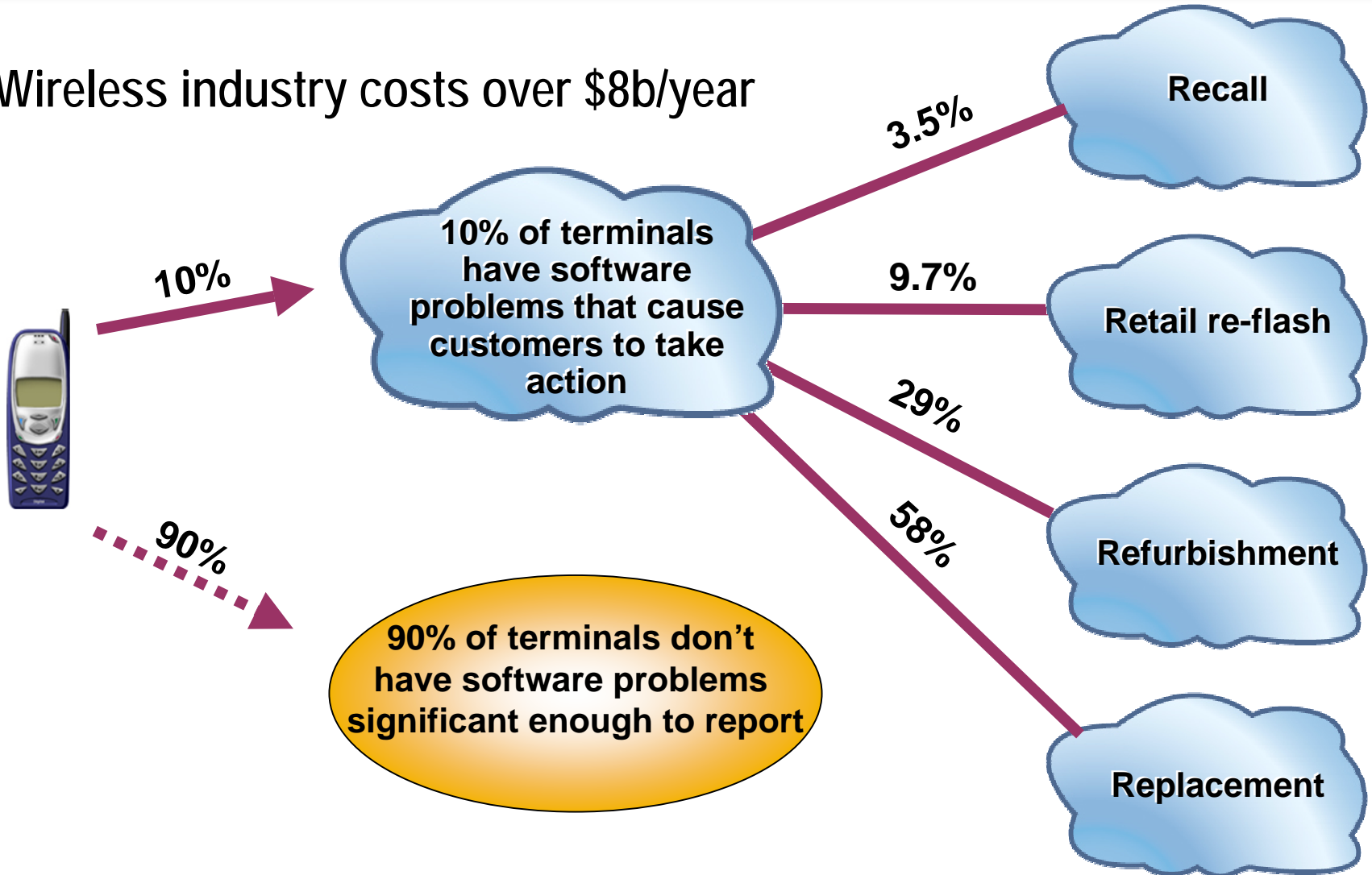
- Serial entrepreneur with 4 startups
 - CEO of Bitfone – mobile phone firmware updates
 - CEO of PhotoAccess.com – Internet digital photography
 - CEO of Computer Motion – Voice controlled surgical robots
 - VP Marketing of Gold Hill Computers – AI on PCs
- Worked in larger corporations
 - VP and GM of Borland – development tools
 - Exec VP at Symantec - devtools, applications and core technology
- Extensive business in Asia



gwang@bitfone.com

How mobile phone problems are resolved

Wireless industry costs over \$8b/year



mProve™ for OTA Firmware Updates

Improves Wireless Devices In Customers' Hands

- Repair software problems “down to the metal”
- Deliver new features and services
- *The first over-the-air firmware update solution for mobile phones - available*

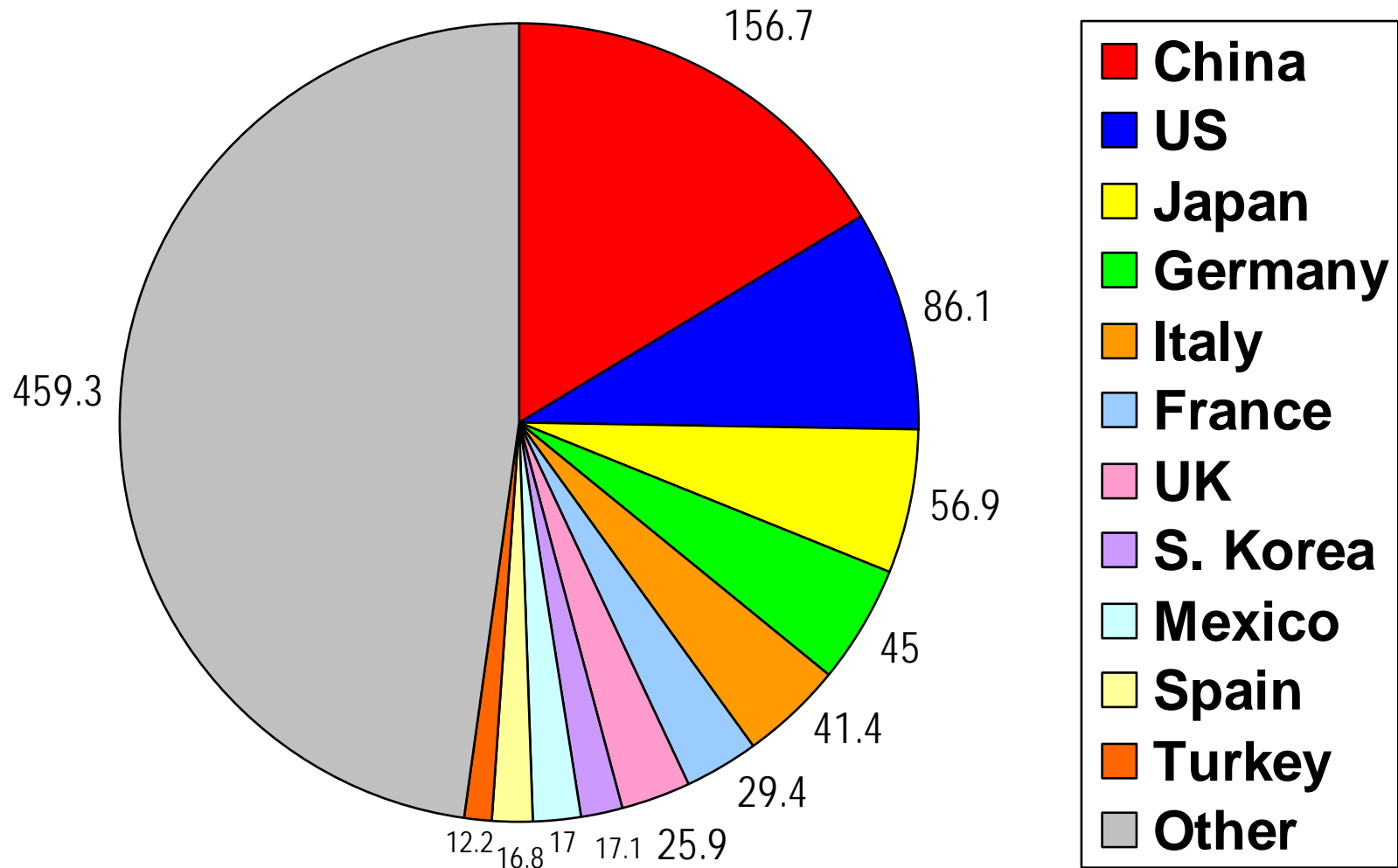


Asia Wireless Market



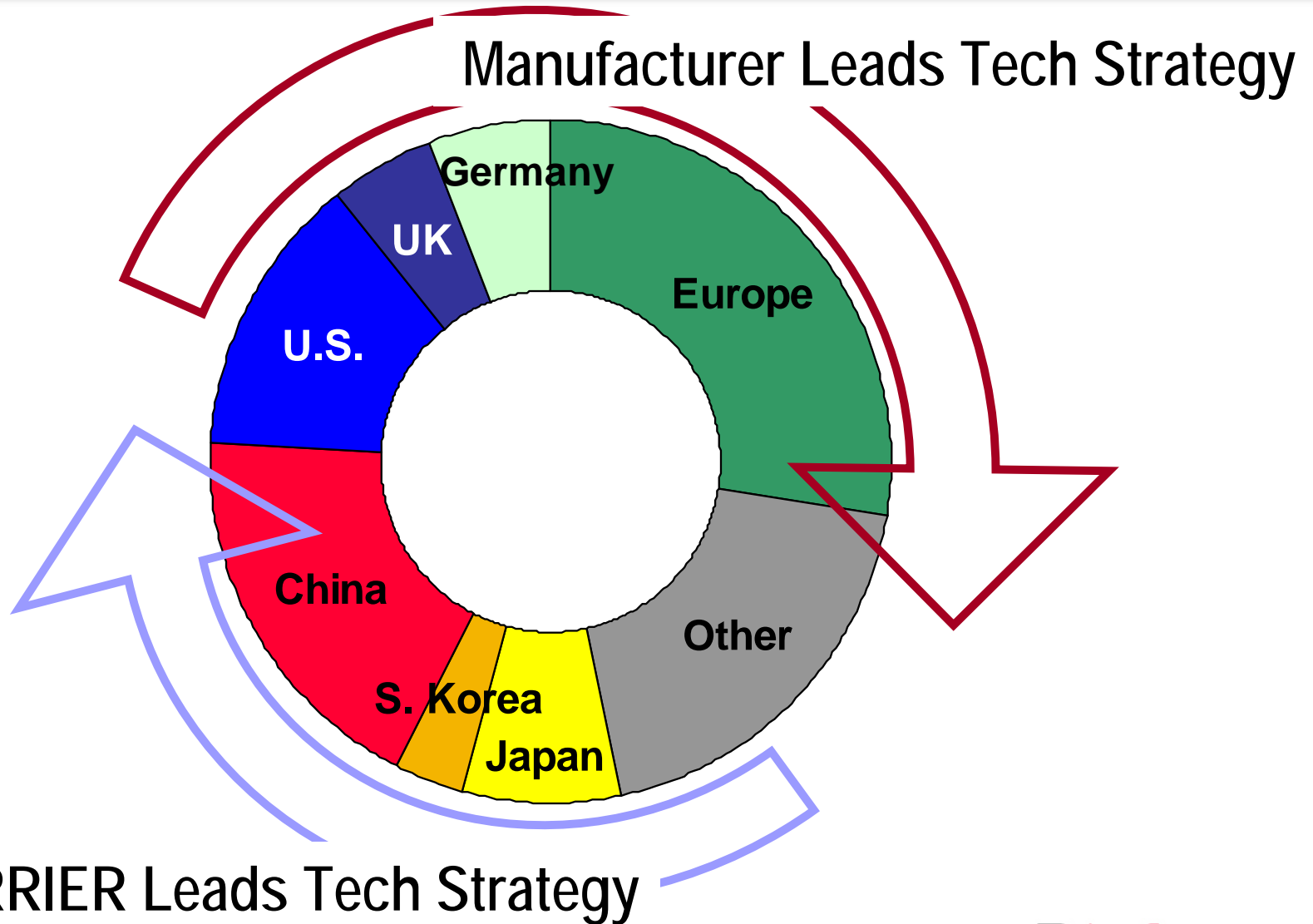
- ✓ Most sophisticated networks
- ✓ Most advanced handsets
- ✓ Most discerning customers

Top 20 Carriers – By Region



Source: Gartner Dataquest, 2002-2003

Asia Purchases Differently



Glitches hit Sony Ericsson megapixel phones: DoCoMo

REUTERS [THURSDAY, JUNE 05, 2003 02:35:05 PM]

TOKYO: NTT DoCoMo said on Thursday that technical glitches had affected its first megapixel phones, manufactured by Sony Ericsson, marring the debut of a new photo-phone model with the world's highest resolution.

DoCoMo, Japan's largest mobile phone operator, sold about 40,000 units of the camera-phone on the day of its launch on Wednesday.”

- Recall and reflash required for >100,00 phones
- Expense >\$10 million plus customer dissatisfaction

“NTT DoCoMo Inc. of Japan will embark on taking a radical measure toward solving the ever-increasing faults or bugs as a result of the advanced functions in mobile phone handsets.

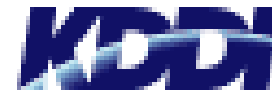
In 2004, the company will adopt a system, in which patch data is sent via mobile phone networks, so that users can easily fix problems. In fact, NTT DoCoMo’s new products released this year are already equipped with a system for fixing software bugs via a network.

Also, Au by KDDI Corp. of Japan is preparing a similar system.”

Nikkei Electronics Asia – September 16, 2003 (TOKYO)

Asia is Major Bitfone Opportunity

- Korea will shortly launch first commercial OTA firmware solution
- OTA Updates will soon launch and every carrier is now investigating
- China now actively investigating
- Most handset manufacturers are interested in solutions



Winning Business in Asia

- Local people
- Localized product
- Localized marketing
- Localized (flexible) pricing
- Localized mindset at headquarters

Great Support Required in Asia



Bitfone had to develop, debug and deliver mProve 3.0 – all at the same time – to meet Sony Ericsson's schedule

Great Rewards for Great Support

"The new flexible, customizable, and high performance architecture of mProve 3.0 enabled us to easily integrate it without impacting our product development schedule," said Hajime Watanabe, General Manager of Sony Ericsson Mobile Communications Japan, Inc. "Bitfone has repeatedly demonstrated that they are responsive, flexible and committed to their customers' success, and this timely product release is a perfect example of that."



Sony Ericsson

Bitfone Press Coverage in Asia

INTERNATIONAL
Herald Tribune
 The Asahi Shimbun

Startup jazzes up mobile phone software

By PAUL MURPHY

Asahi Shimbun News Service

Armed with a stack of his band's CDs as gifts for potential business partners, Gene Wang came to Japan last month to woo the wireless industry with a winning proposition.

"We can go to a carrier saying, 'You are spending hundreds of millions of dollars each year dealing with defective phones... and we have the pain medication,'" said the chief executive officer of Bitfone Corp., who as an alto sax player leads Silicon Jazz in his spare time.

The medication is not found in the Silicon Jazz CDs, which feature dreamy tunes such as Wang's "Will You Miss Me," but in the Californian startup's flagship technology, which enables the wireless transmission of software upgrades or bug fixes to mobile phones.

Japan will be host to the first commercial launch of the

mProve technology later this year, although the 45-year-old Chinese-American declined to say which of the nation's three major mobile phone carriers will be involved.

While downloading bug patches or upgrades online via personal computers is established practice, mobile phone users generally have to physically take dysfunctional handsets back to the vendor.

Bitfone estimates that around 10 percent of handsets are returned for recall, retrimming, replacement, or the reinstallation of read-only software—a major drag on industry revenue.

The 50-employee company says losses due to customer turnover, as well as customer service, logistical and warranty expenses, cost the wireless industry \$8 billion (960 billion yen) globally in 2002, a figure that it projects could reach \$9 billion this year. It maintains that upwards of \$6 billion could



Gene Wang of Bitfone Corp.

BIZ BEAT

accounts for over one-third of its sales.

With an eye on longer-term expansion into China and growth elsewhere, Wang hopes to learn from Japan, which he describes as a model of advanced service and the "first and fastest" in mobile trends.

"Japan is quite a good proving ground for what is hot, (such as) camera phones, which are now sweeping the world."

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The Korea Herald

THE NATION'S NO. 1 ENGLISH NEWSPAPER

Bitfone to fix handset glitches

By Yang Sung-jin

Mobile handsets are more than just a communication necessity for Koreans these days. They help people take and save some snappy pictures, record live video clips and surf the Web over the advanced mobile network.

The trouble is that handsets are not perfect; hardware and software tend to go awry at some point, forcing carriers and manufacturers to endure extra expenses for customer service.

"Our focus is to help handset makers roll out phones quickly and carriers to avoid wasting money on customer service," said Gene Wang, chief executive of Bitfone Corp., a U.S. startup, in an interview with The Korea Herald yesterday.

Bitfone is now keen to sell its flagship technology, called

Internet standard, and BREW of U.S.-based Qualcomm Inc.

And all the updates are meant to fix software glitches over-the-air, a unique business model that Wang said carriers and manufacturers would find attractive in terms of cost reduction and better handset troubleshooting.

Notably, Bitfone is eyeing a niche market that has largely been ignored by major handset makers like Samsung Electronics.

The company filed more than 40 patent applications, Wang said, adding that a serious or potential rival is non-existent, at least for now.

Bitfone plans to introduce its mProve software to mobile markets in Asia and the United States within the year, Wang said.

Thanks partly to the technology's potential, the venture startup

defying

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n. Wang

users here, with three carriers — SK Telecom, KTF and LG Telecom — offering a variety of voice and data services through cdma2000 1x network.

However, Bitfone has yet to clear a major, local obstacle. Its business model is based on technology licensing, which means it will provide software only and secure profits by collecting licensing fees from its clients.

Korea's media and government officials are very quick to respond to any technology licensing fee model in a negative way, partly because there have been some friction between Korean handset manufacturers and Qualcomm, whose CDMA chip powers all the mobile handsets in Korea.

Local media continue to criticize the licensing fee contract between handset makers here and Qualcomm, saying that the unfair deal means they give up too many benefits and too much profit to the U.S. solutions developer.

Worse, a sense of resentment flared up when Qualcomm reportedly offered lower licensing fees to a Chinese mobile carrier on the condition that its CDMA technology would be adopted and implemented.

Although forging a licensing fee contract with Korean firms could spark negative disputes, Wang said the company's talks with potential Korean partners are now going smoothly, and the technology is being tested at five of the top six handset manufacturers in the world.

(insight@koreaherald.co.kr)

日経コミュニケーション
 NIKKEI COMMUNICATIONS
 4-28
 2003

iva アプリケーション (Java アプリ)

を強化した点の特徴だ。

機種のうち、F505iとSO505iは100

素を越すCCDカメラを装備。特に、

一製のSO505iはデジカメ機能を重

たデザインになっており、メイン・

スプレイが水平に回転。撮影しやす

状に変化する (写真1)。

つのJavaアプリ向けのデータ記憶領

最大100Kから200Kバイトに拡大。

く複数のJavaアプリの連携、Javaア

から任意のサーバーへのリンク、電

や着信履歴などの情報とJavaアプリ

連携などを可能にした。

えるHTMLファイルの最大容量も、

から20Kバイトに拡大。Macrome-

lashにも対応しており、多様なコン

ツの登場が期待できる。

携帯は「もはやパソコン」 ソフトの更新は不可避に

「携帯電話は搭載するソフトウェアが増え、不具合が起こりやすくなった。回収するとすると費用は膨大」と語るのは米ビットフォンの王友進社長兼CEO。同社はこの問題を解消する携帯向けソフトウェア更新技術mProveを開発する。「携帯電話はもはやパソコンと同じ」として日米欧の携帯電話事業者やメーカーにmProveを売り込む。



王友進

米ビットフォン
社長兼CEO

THE WEEK ORANGE COUNTY BUSINESS JOURNAL

Overall OC Economic Uptick

Linksys Gets Cisco Validation from Chambers' Son

Don't ask Keitaro Matsuda, the senior economist for Union Bank of California, when technology in Orange County will come back—you don't want to hear it.

"That sector will lag," says Matsuda. "As far as Southern California is concerned, it may not happen until 2004 or 2005."

Moreover, says Matsuda, the tech economy here will remain stagnant despite expected growth in OC's overall economy this year.

Now before you chastise Matsuda, who's based in the Bay area, for playing into the age-old North California-South California tech divide,

Kid Power

It's funny how we get ideas.

For John Chambers, chief executive of networking gear kingpin Cisco Systems Inc., the idea that Irvine-based Linksys Group Inc. might be a good acquisition came in a rather roundabout way.

Thank Chambers' son for the eventual \$500 million Cisco buy.

"He was looking for a router to put in his apartment," Chambers told me during a reception at the annual Orange County Business Council dinner recently. "I told him he could get one from Cisco at a discount. He said 'No way, even at that price I could get one cheaper from Linksys.'"

That's when it clicked on Linksys, Chambers said, laughing.



TECHNOLOGY
 Andrew Simons

MONEY
 TODAY

mProve

venturewire
 bitfone

Other Issues in Asia

- Problems like SARS make business tricky



15-May-03- Gene returns from Asia

Summary

- There is a huge growth opportunity in Asia for mobile phone software
- It requires commitment, a cultural mindshift and local presence to build the business
- While the hazards are many, the rewards are spectacular!

