

Vesuvius Decides To Sell Several Wireless Patents

Mark Cecil

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Privately held wireless technology firm Vesuvius Inc. is trying to sell its patents on multimedia broadcasting in the cellular phone industry.

The Denver-based firm designs software to provide cell phones in customized areas with multimedia content "narrowcast" from a single channel.

The company hired Duff & Phelps as its investment banker. The firm's chief business officer, George Kauss, said his firm has strategically decided not to further develop or license its software.

Vesuvius has developed its technology over the last four years, said Kauss, and patented it in countries around the world. He said the minimum range for a sale would be well over \$10 million. Thus, the firm will not sell below a price which is "well into the eight digits," he said.

Explaining the price figure, Kauss noted that Qualcomm Inc. spent \$1 billion upgrading its technology in 2000, when it bought Snap Track Inc., a firm that put GPS into cell phones.

Vesuvius's narrowcast eliminates the problem of too little bandwidth, when thousands of users use their individual phone connections to hear a program or watch a baseball game. Vesuvius's technology uses the cellular network to distribute its signal from a single channel in areas that can vary in size from a neighborhood to an entire state, said Kauss. Subscribers in selected areas would be able to access over their phones a local high school football game or other programs of interest only to limited geographic areas.

Potential buyers for Vesuvius's patents include mobile phone content providers or wireless companies. Kauss listed Qualcomm as an example of a firm that could be interested, with its vast experience in licensing telecommunications technology. The firm's technology licensing segment posted about \$1 billion in sales in fiscal 2003, 25% of the firm's total consolidated revenues. A Qualcomm spokesman said the firm receives proposals all the time from sellers of similar assets and they are reviewed by the firm's corporate development department.

The "customized infotainment market" will post \$86 billion in subscriber revenue by 2010, according to a 2001 estimate from London-based UMTS Forum, a trade association that promotes advanced mobile phone technology; its members include \$30 billion market cap BT Group PLC and \$1.1 billion market cap InterDigital Communications Corp.

Duff & Phelps managing director David Athoff said he had been talking on and off with Vesuvius over the last four years. This would be the first platform of telecommunications intellectual property the bank will sell.