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### Israeli companies wedge their way into the Asia Pacific telecom market.

Hadass Geyfman 1 Aug 05 17:15

A window of opportunity has recently opened for Israeli companies in the Asia-Pacific communications market. Systems that facilitate multicasting television broadcasts to cellphones, and those that enable operators to present content and information on telephone screens in a format similar to running bulletins at the bottom of television screens, are only the first examples of value added services that Israeli companies are now offering the communications market.

The great demand for applications and value added services, and the accelerated expansion in broadband communications infrastructures, are features of the current Asia-Pacific communications market. They are making this market one of the most attractive target markets for Israeli technology companies that provide systems to telecommunications operators. Several obstacles, however, stand between the demand in this market and the capabilities offered by Israeli companies.

It's no secret that Western companies find it very difficult to penetrate East Asian communications markets, especially smaller companies, which cannot afford to acquire a local distributor, or to hook up with such a distributor.

Another, equally difficult, obstacle faces companies wishing to supply infrastructure products to the Australian communications market. Australian operators increasingly tend to outsource management of their network to vendors of network equipment. This trend, which is expected to spread to other parts of the world, is forcing infrastructure product vendors to sell their products to equipment vendors, instead of directly to operators.


Nevertheless, several Asia-Pacific communications giants have recently been exposed to Israeli technology, and there are already a few deals on the way. A series of meetings between Israeli companies and Asia-Pacific communications operators, equipment vendors, and integration companies has produced a large collection of negotiations, many of which are close to producing deals.

These contacts were created by an aggressive marketing campaign by the Israel Mobile Association (IMA), together with Economic Mission of Israel in Singapore commercial attache Anat Katz, in India, Thailand, the Philippines, Singapore, China, and Australia. This is actually the second stage in the struggle for the Asian communications market. Similar contacts took place last November between Israeli companies and communications players in Hong Kong, Taiwan, and South Korea, which lead to several deals.

This time, customer workshops were held in Singapore with StarHub and MobileOne, the second and third largest Singaporean wireless operators. The meetings focused mostly on data and multimedia services, and on technology for networks with interactive media services (IMS) architecture. The IMS group of standards makes it possible to transmit voice, video, and data on IP networks directly to a cellphones. Some of the standards have already been closed, and the rest are slated for closing next year.



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Following these meetings, MobileOne began trials with one of the Israeli companies providing advanced value added services. Furthermore, at this time active sales processes are taking place between Singaporean wireless operators and eight Israeli companies, and are slated for closing in the next few months.

In the CommunicAsia 2005 conference, Asia's largest communications conference, another marathon series of meetings took place between Israeli companies and Asian communications players, including SingTel, Singapore's largest communications operator; StarHub and MobileOne, Filipino cellular operator Smart Communications, Indian communications operator VSNL, and other communications operators from Thailand and Vietnam. Communications equipment vendors and integration companies from a number of countries in Southeast Asia also took part in the meeting. The marathon discussions and meetings organization by the IMA has already led to the initiation of several deals.

In the meetings on the subject of IMS, Israeli companies had to deal with hesitation on the part of the operators over whether to invest in this technology. They eventually succeeded in demonstrating the added value of services on networks using IMS technology, such as instant messaging, cellular push-to-talk, and other multimedia services. Several operators decided to begin trials.

Among the Israeli participants in these meetings were Bamboo MediaCasting, Olista, [Radcom](#) (Nasdaq: [RDCM](#)), [Radvision](#) (Nasdaq: [RVSN](#); TASE: [RVSN](#)), Septier Communications, Unipier, Mobilitec, Mobixell Networks, [Adamind Ltd.](#) (AIM: [ADA](#)), Siano Mobile Silicon, Schema, and LocatioNet Systems.

Bamboo MediaCasting's system solves the problem of wasted resources on a network during transmission of video broadcasts to cellphones. Good quality in these broadcasts requires that a certain bandwidth be assigned to every user. The total bandwidth required to broadcast content to cellphones therefore equals the bandwidth for each user, multiplied by the number of users. If exactly the same content is broadcast to every user (as in a television broadcast), however, there is no reason to give each of them their own network resources.

Bamboo MediaCasting makes it possible to broadcast video to cellphones using a multicasting system. "During unicasting broadcasts, in which content is broadcast separately to each user, every time a user makes a phone call, a channel is opened and assigned for his or her sole use. In order to view video broadcasts on a cellphone, at least three channels must be opened up for each user, and much faster communications are necessary in order to view the video continuously," says Bamboo MediaCasting VP business development Jonathan Lison.

"When many users in one region want to watch a video, there aren't enough resources for all of them. Furthermore, when several subscribers use the same bandwidth, the viewing quality for each of them declines substantially (because they have to share the bandwidth, which leaves each of them less bandwidth, H.G.). Today, people can watch television broadcast on their telephones in Singapore and Thailand, but the images change very slowly, so that the quality is not on the same level as a television broadcast," Lison says.

Bamboo MediaCasting has developed two systems to solve this problem. One, called BlueFountain, uses the multicasting method to make possible live video broadcasts on wireless networks, similar to television broadcasts. The other, called SilverStripe, makes it possible to download video broadcasts in the background, using the push method.

"The BlueFountain system makes it possible to put several users on the same broadcasting channel, in order to prevent network overloads," Lison explains. "Subscribers can get broadband broadcasts, without bandwidth being divided among the viewers."

The SilverStripe system saves video broadcasts downloaded in the background on the telephone' memory, similar to the way a video machine records. If a user is registered for a news service, for example, the system downloads the news in the background, even if the subscriber is using his or her telephone at that moment. The subscriber can watch the broadcast whenever he or she wants.

"The SilverStripe system can be operated simply, with a single click, like a television," Lison says. "In addition, it enables the operator to supply video content on the existing network, without an upgrade. Only when a large number of subscribers want to watch a live broadcast (or on push) does the network need to be upgraded by installing a BlueFountain system."

Mobixell and Adamind, which also participated in the discussions, supply transcoding systems. These systems make it possible to transmit multimedia messaging service (MMS) messages and picture, audio, and video files between handsets of various types, while processing the pictures, and adapting them to the devices receiving the messages. The software makes it possible to view MMS messages on any device, regardless of manufacturer, type of phone, screen size, the devices's computer power, etc.

Transcoding systems are not yet generating very large sales, but the communications market is increasingly cognizant of the importance of these systems, which make it possible to overcome incompatibility between wireless handsets made by different manufacturers.

MMS systems have been mentioned recently as a means of transmitting video clips by push to cellphones. At the moment, this mostly involves transmitting identical messages simultaneously to tens of thousands of users at a rate of 50-100 messages per second. This is expected to expand the target market for transcoding systems.

#### **Australian market**

The breakthrough in the Australian market was engineered through an IMA marketing campaign, in cooperation with Israel trade commissioner in Australia Nili Shalev. Activity in Australia has focused on Israeli companies providing value added services and infrastructure, including Radvision, Bamboo MediaCasting, Celltick Software Technologies, TeleMessage, Star\*Home, Septier, Radcom, [TTI Team Telecom International](#) (Nasdaq: [TTIL](#)), Unipier (which provides the dominant platform for value-added services), and Telemap.

Among the wireless operators participating in the meetings were Telstra (NYSE, ASX: TLS) (the wireline operator, which also has a wireless company), SingTel Optus, Vodafone Group (NYSE, LSE, FSE: VOD), and Hutchison Whampoa, which was the pioneer wireless operator in video.

Following meetings with Australian communications market players, eight of the eleven Israeli participants began sales processes with each of the four major Australian operators, and one company has even signed a deal.

"Multimedia services, which are now a growing and strategic revenue anchor, stole the show," says IMA founder and CEO Eyal Reshef. "These services are the main reason for the popularity of Israeli companies, which continue to lead in value-added services.

"The Australian communications market has several unique features stemming from the large area that must be covered and the state of competition in Australia. Hutchison Whampoa, for example, gave management of its network to Ericsson (Nasdaq: ERICY; SX: ERIC) in order to cut costs, and to focus on increasing its market share and profitability.

"As a result, Ericsson is bolstering most parts of the network, including some of the value-added services. Almost all systems

suppliers seeking to sell solutions and products to Hutchison Whampoa must therefore go through Ericsson, which makes the majority of decisions about acquiring technologies, except for applications and content.”

In order to provide Israeli technology providers with access to the equipment vendors and integration companies, the IMA held a series of meetings in Australia with Ericsson, Siemens (NYSE: SI; XETRA: SIE), Nortel (NYSE: NT), Nokia (NYSE: NOK), Alcatel (NYSE: ALA; Paris: CGEN), IBM (NYSE: IBM), HP Hewlett-Packard (NYSE: HPQ), Sun Microsystems (Nasdaq: SUNW), Accenture (NYSE: ACN), and Informatel.

SingTel Optus chief executive Paul O’Sullivan told "Globes", “I was astonished to discover the level of technological innovation developed in Israel in the wireless sector. The delegation that arrived gave me and the SingTel Optus decision-making team the chance to directly examine these technologies. Following the meetings with the Israeli companies, we decided to create real business relations with several of them.”

Two of the participating companies were Radvision and Celltick. “Radvision is considered one of the important infrastructure companies,” Reshef says. “When a wireless operator wants to launch video services, for example, Radvision provide it with the necessary infrastructure.”

Celltick provides content broadcasting services using the broadcast method. Celltick’s technology uses unexploited resources of the telephone and network in order to deliver information and content services to the subscriber. A typical example of an unexploited resource is the telephone screen. Celltick found that every wireless network makes it possible to broadcast information to the phone with the broadcast method (broadcasting an identical video announcement simultaneously to all users).

Celltick’s system makes it possible to display on the telephone screen a series of running information and content messages free of charge. The idea is the same as the information band that runs on the bottom of television screens during news broadcasts, for example. In the case of the telephone, however, the information appears on the screen, in place of the screensaver.

The information appearing on the screen includes a wide variety of content, including gossip, trivia questions, financial information, news, clips, weather reports, traffic reports, etc. A user who wants more details can press the OK key, which opens a menu with a selection of services. He or she can choose whether to read the full story, download a ringtone, open an Internet page, or any other service. Pressing the OK key again completes the transaction. The idea is to provide a service that is very simple to operate, does not take much time, and does not make users program, type passwords, or navigate.

The purpose of the system is to enable operators to expand their content marketing. Content usage in most of the world is still on a small scale, because its purchase involves complex operations with the handset. The concept behind Celltick’s technology is that users should not be troubled with searching for content; all content offered by the operator should be displayed to them on the handset screen for free (at the subscribers’ request). Users should not have to initiate a search for content; all that should be required is to respond to content displayed to them. Response to content requires only two clicks.

*Published by Globes [online] - [www.globes.co.il](http://www.globes.co.il) - on August 1, 2005*

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